

Outlook for the U.S. Livestock and Poultry Sector in 2005

USDA Outlook Forum

Washington, D.C.

February 25, 2005

Highlights of 2004

- **Market Uncertainty**
 - **BSE discovery resulted in loss of some international markets**
 - **Avian Influenza discoveries disrupted poultry trade**
 - **Large supplies of meat**
 - **Record pork production**
 - **Record broiler production**

Highlights of 2004

- **Market Uncertainty**
 - BSE discovery resulted in loss of some international markets
 - Avian Influenza discoveries disrupted poultry trade
 - Large supplies of meat
 - Record pork production
 - Record broiler production
- **Improved prices for most commodities**
 - Record high cattle prices
 - Record broiler prices
 - Highest hog prices since 1997

Some Key Factors for 2005

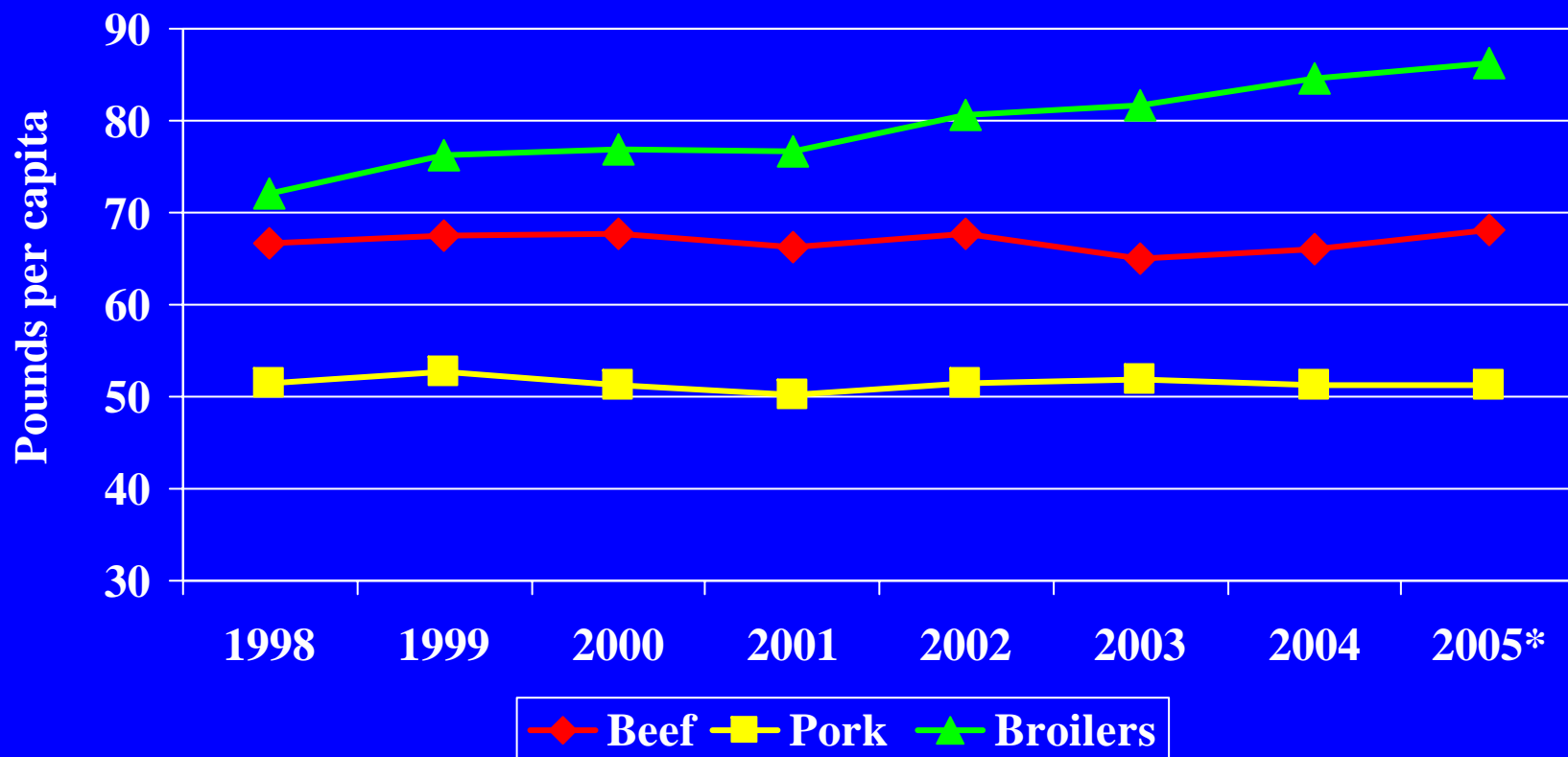
- **Trade still in flux**
 - **Timing of Asia beef market reopening uncertain**
 - **Imports of under 30-month cattle from Canada will resume March 7**
 - **Increased competition in some markets**
 - **Help from weakening exchange rate**

Some Key Factors for 2005

- **Trade still in flux**
 - Timing of Asia beef market reopening uncertain
 - Imports of under 30-month cattle from Canada will resume March 7
 - Increased competition in some markets
 - Help from weakening exchange rate
- **Domestic meat supplies are large**
 - Demand is firm
 - Economy is growing

Per Capita Meat Consumption Up in 2005

Total Meat Consumption at 225 Pounds

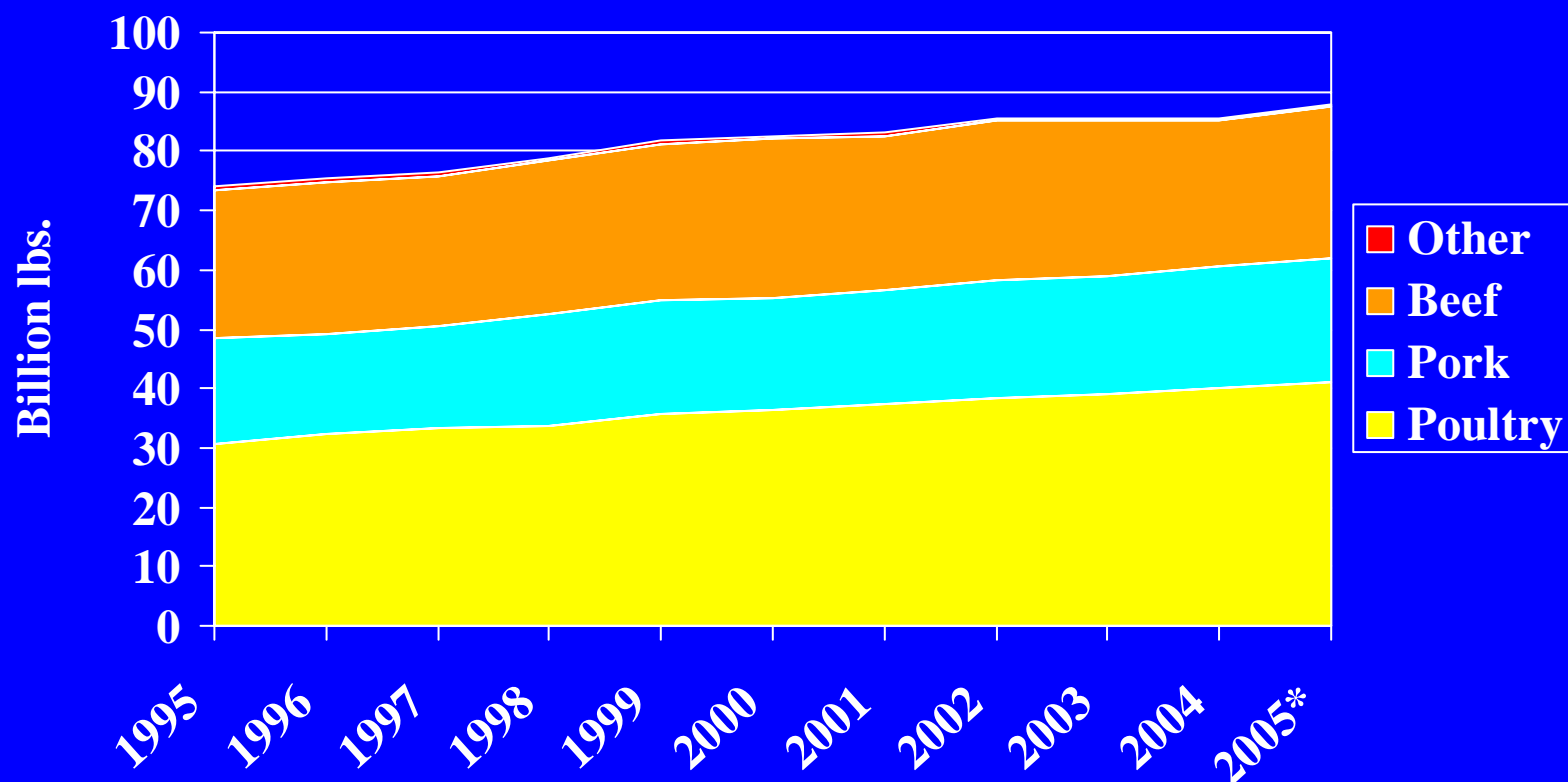


* Forecast

Meat Production To Rise in 2005

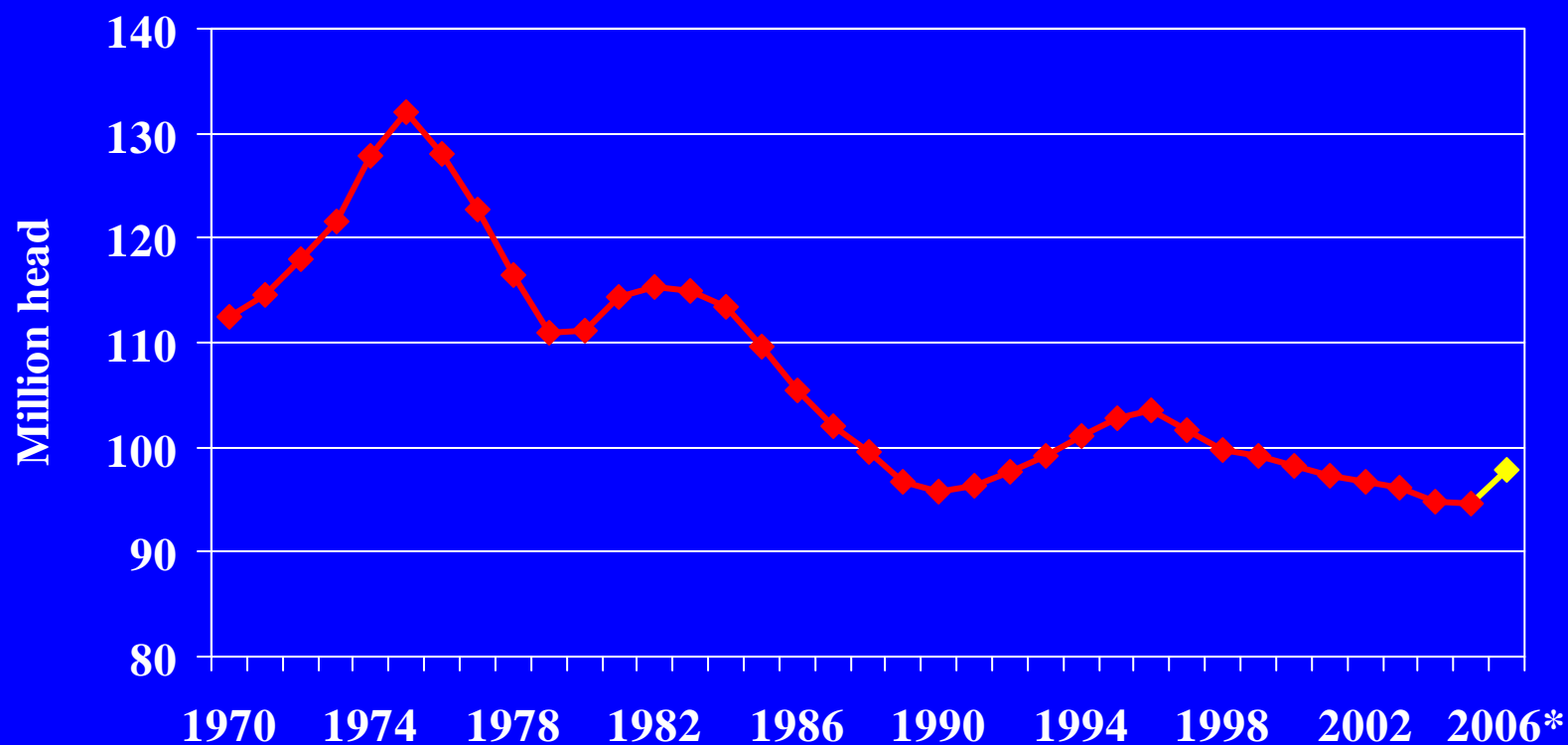
- **Red meat production to increase 2-3 percent**
 - **Beef increases 4-5 percent**
 - **Pork increases less than 1 percent**
 - **Lamb and mutton rises 3-4 percent**
- **Poultry production 3 percent higher**
 - **Broiler meat increases about 3 percent**
 - **Turkey increases 2-3 percent**

Total Red Meat and Poultry Production at Record 87.9 Billion Pounds



* Forecast

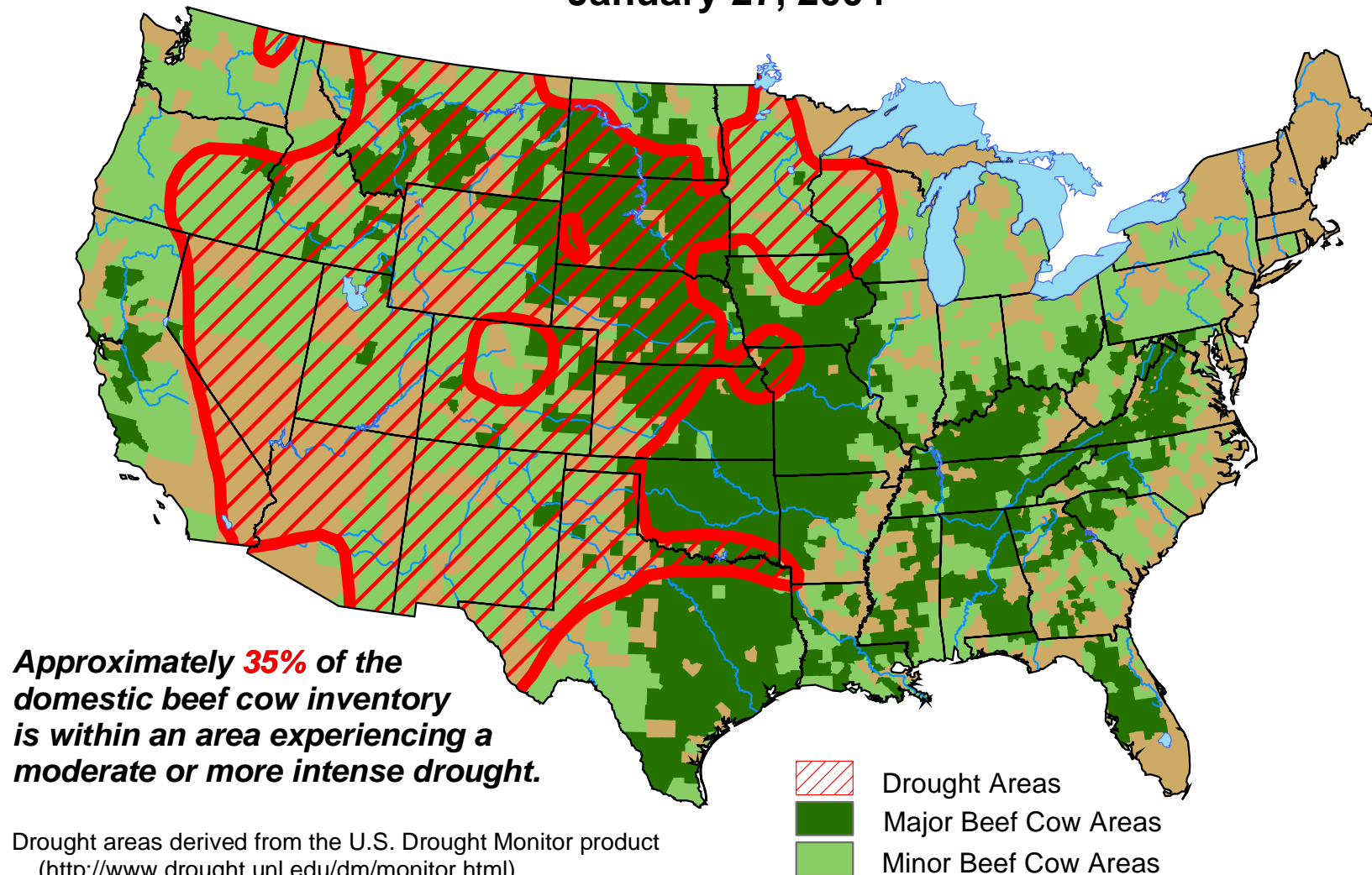
Cattle Inventory Up 1 Percent to 95.8 Million Head on January 1, 2005



* Forecast

U.S. Beef Cow Areas Experiencing Drought

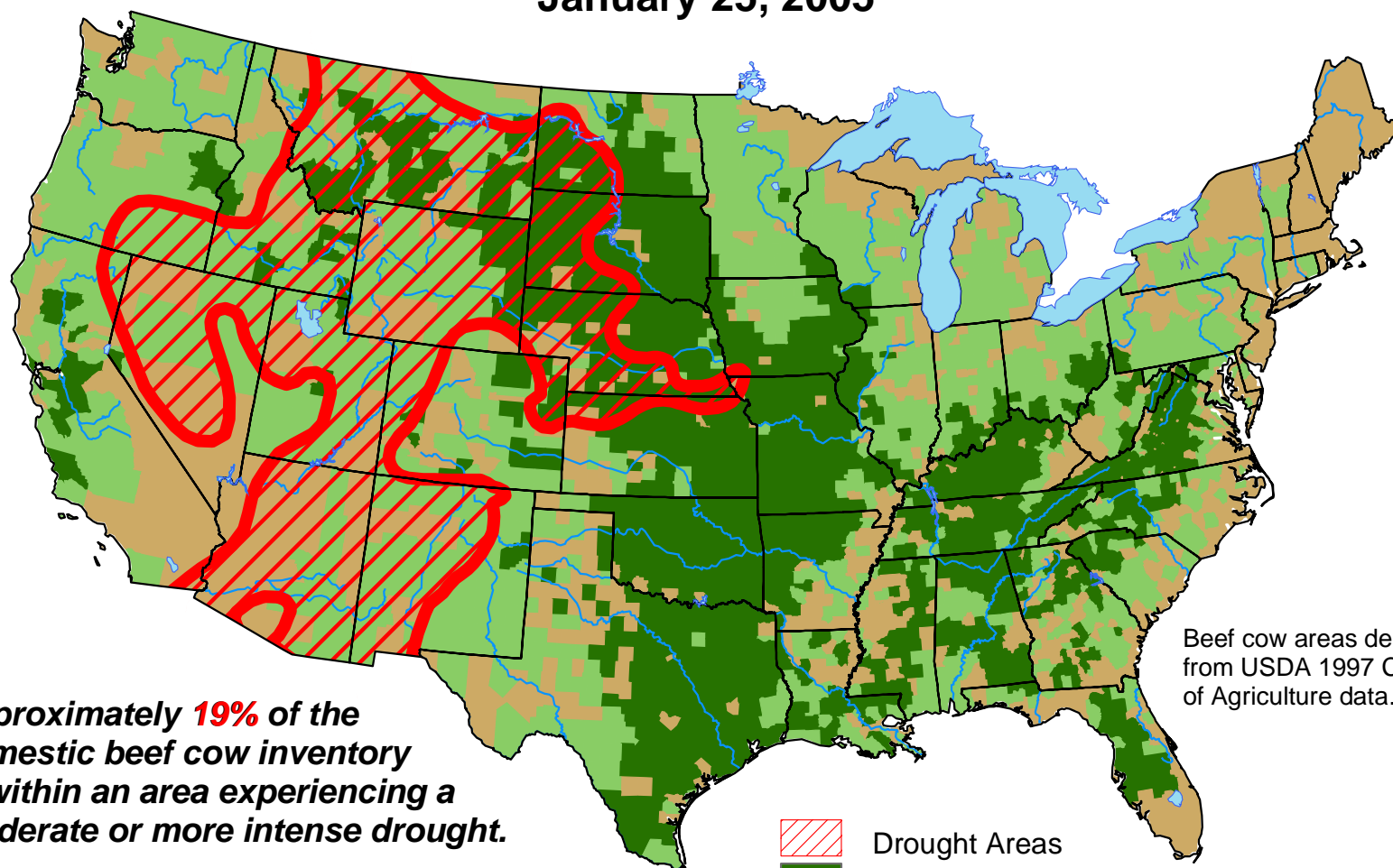
January 27, 2004



World Agricultural Outlook Board

U.S. Beef Cow Areas Experiencing Drought




January 25, 2005



Approximately 19% of the domestic beef cow inventory is within an area experiencing a moderate or more intense drought.

Note: Drought areas are derived from the U.S. Drought Monitor product (<http://www.drought.unl.edu/dm/monitor.html>), and do not depict the intensity of drought in any particular location. This map is not used for USDA programs.

Beef cow areas derived from USDA 1997 Census of Agriculture data.

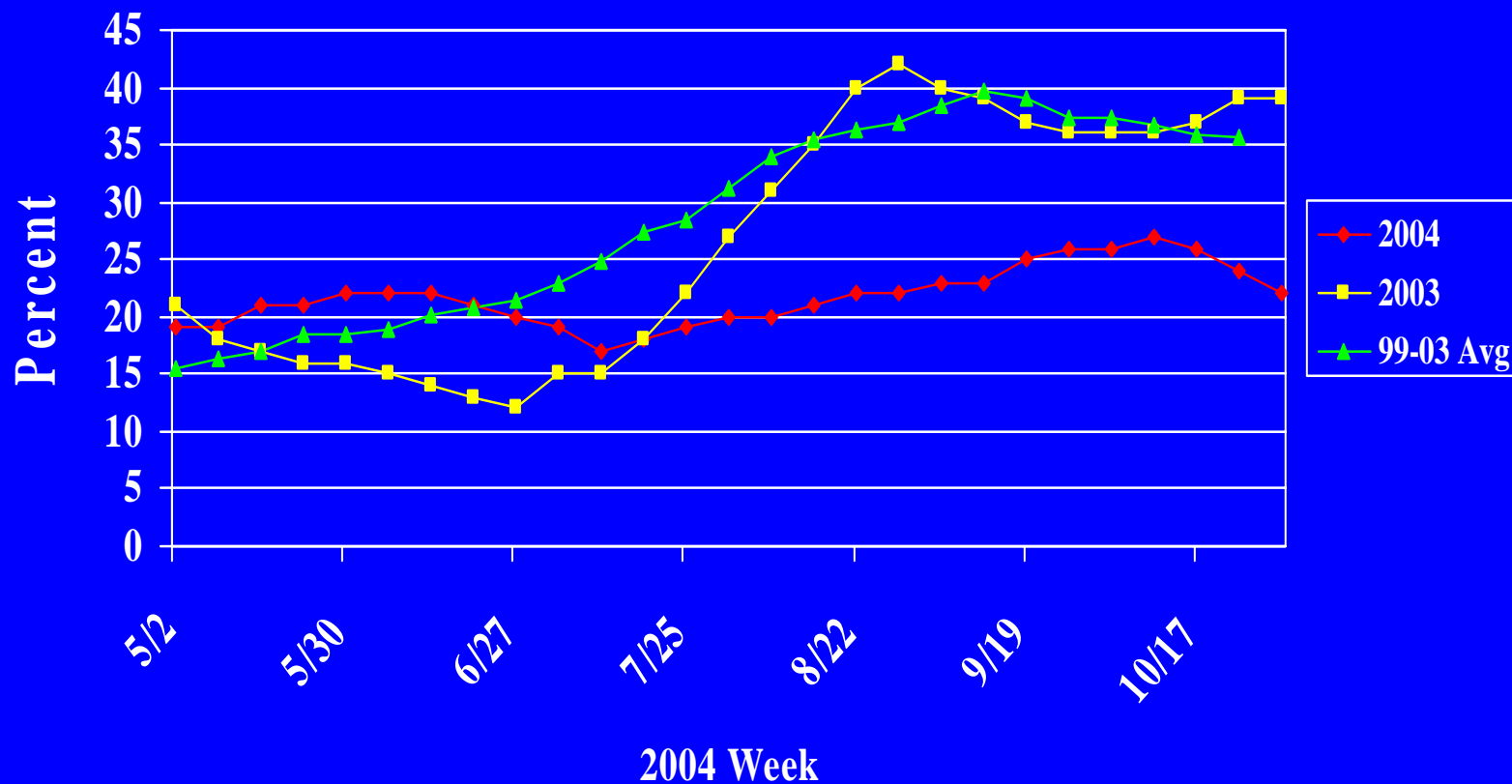
-  Drought Areas
-  Major Beef Cow Areas
-  Minor Beef Cow Areas



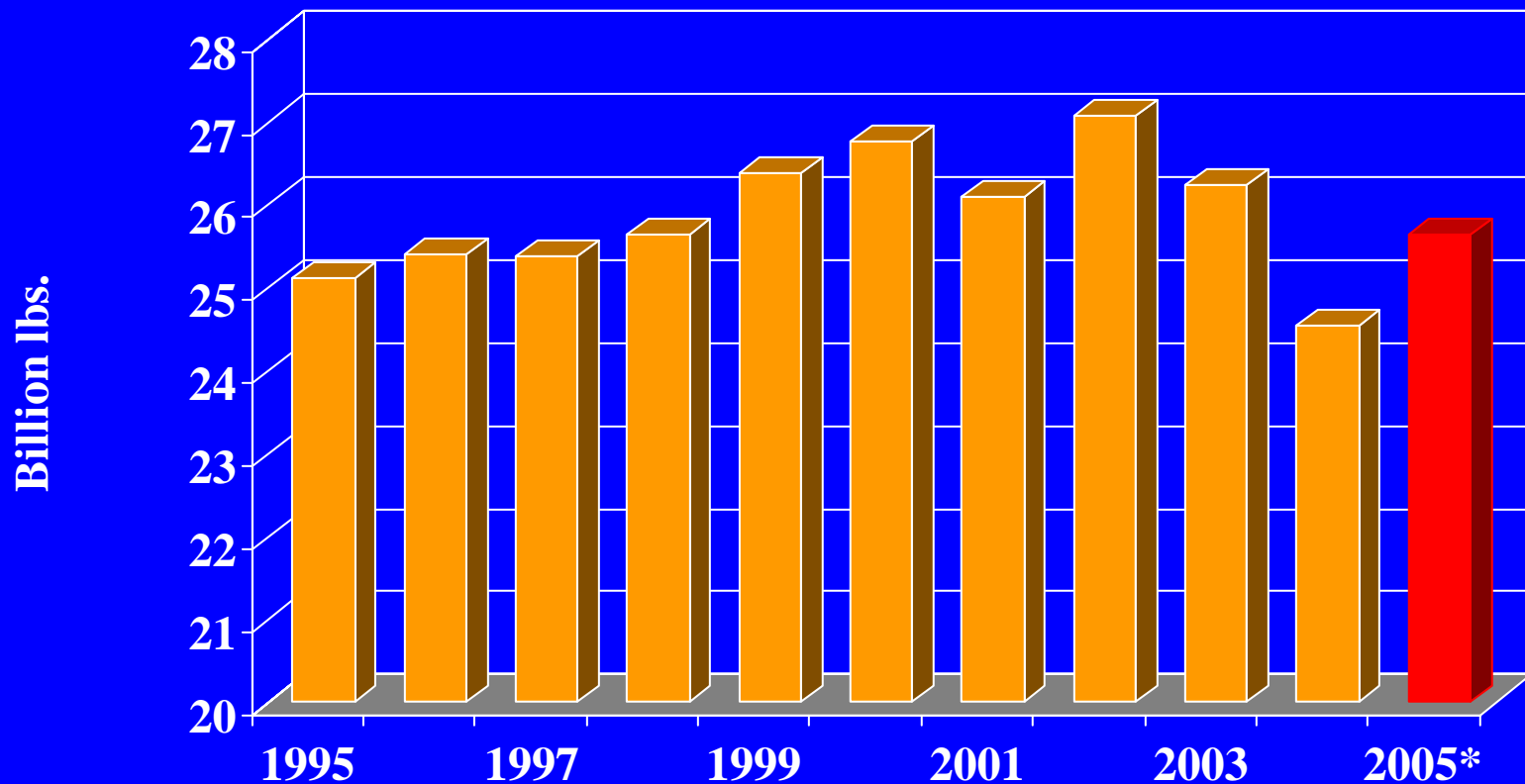
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Pasture Conditions Have Improved

U.S Pasture and Range Rated Very Poor or Poor

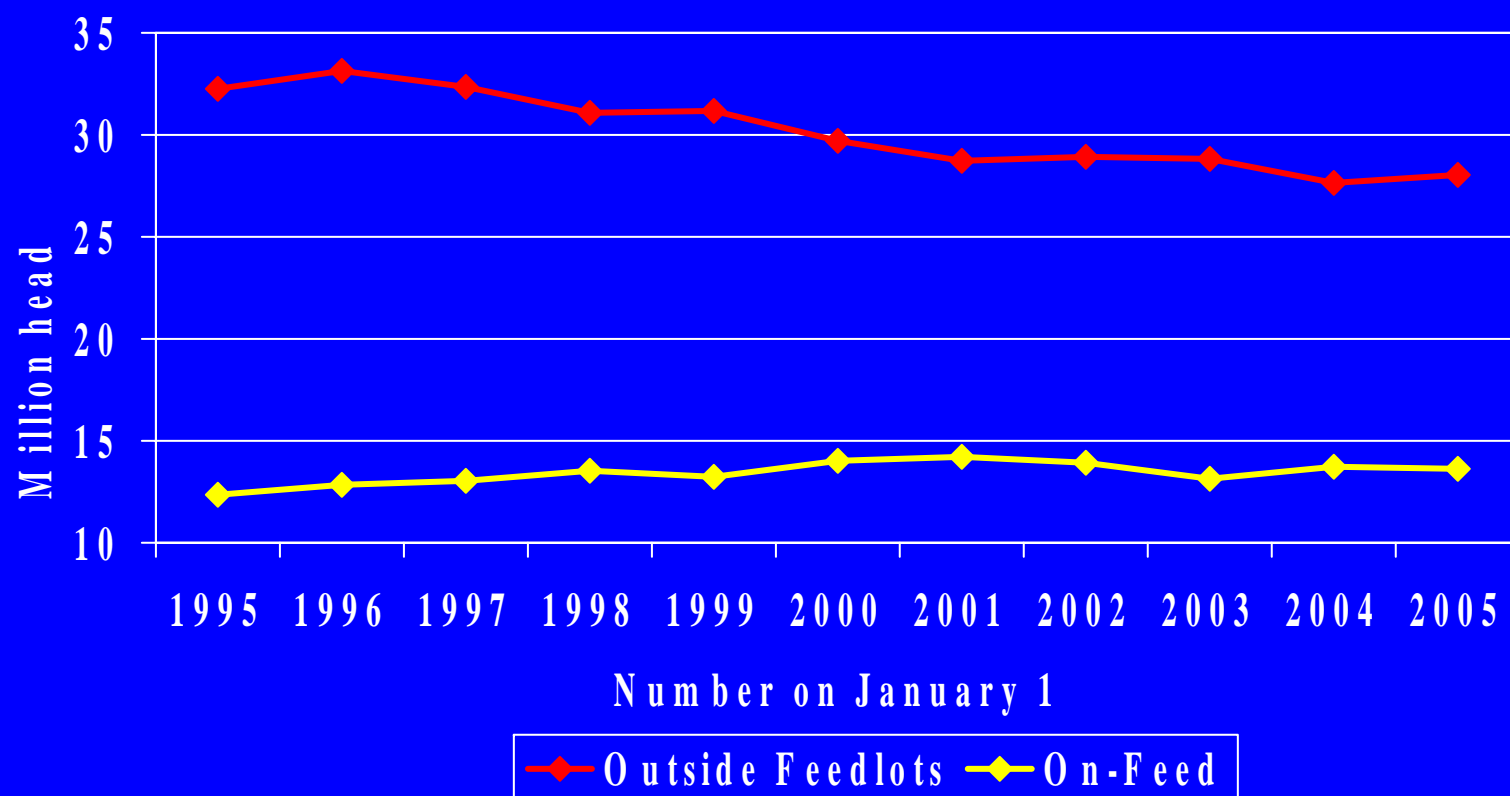


Commercial Beef Production Forecast to Rise To 25.7 Billion Pounds in 2005

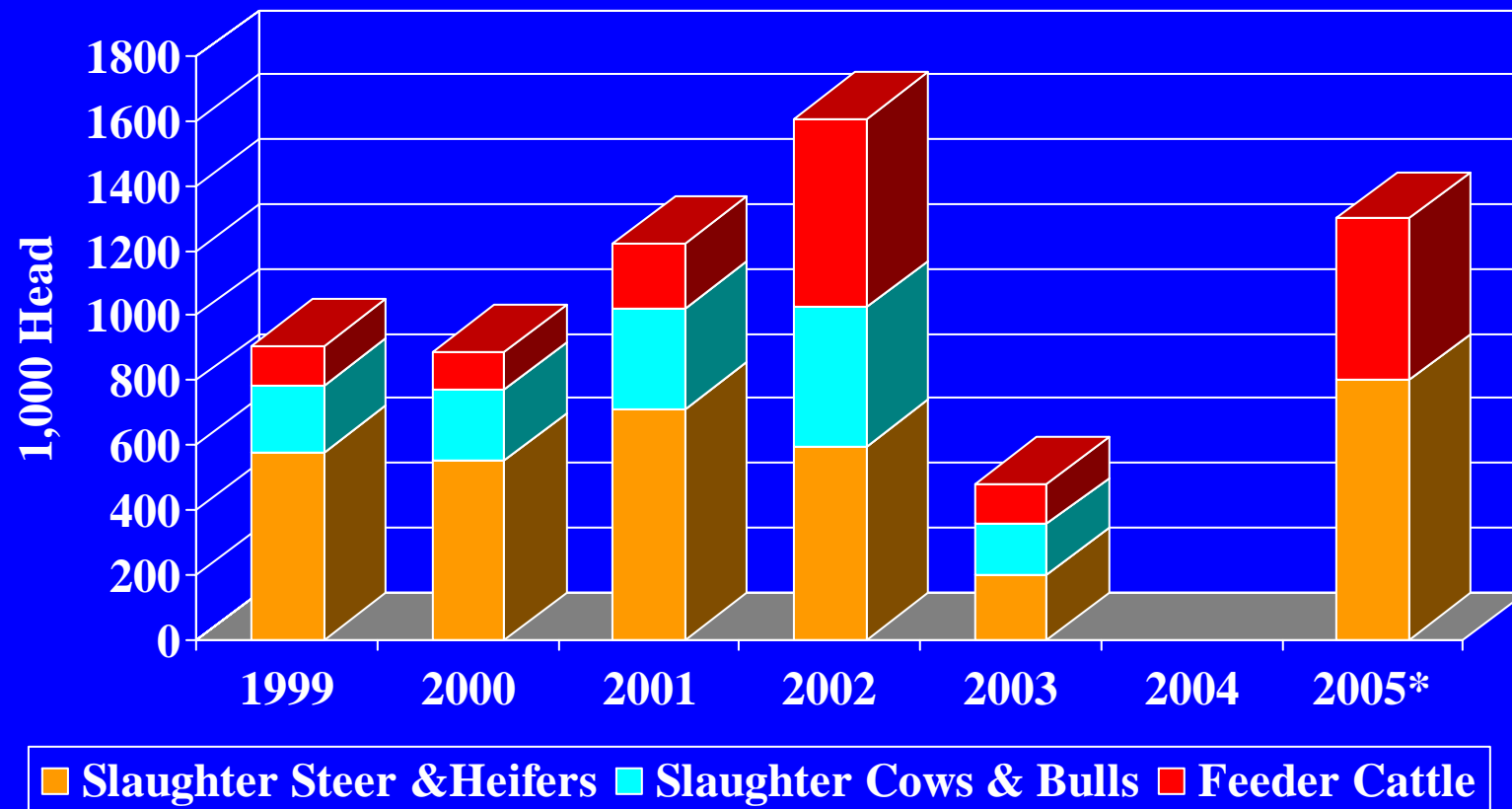


* Forecast

On-Feed Numbers Down but Estimated Number of Cattle Outside of Feedlots Up

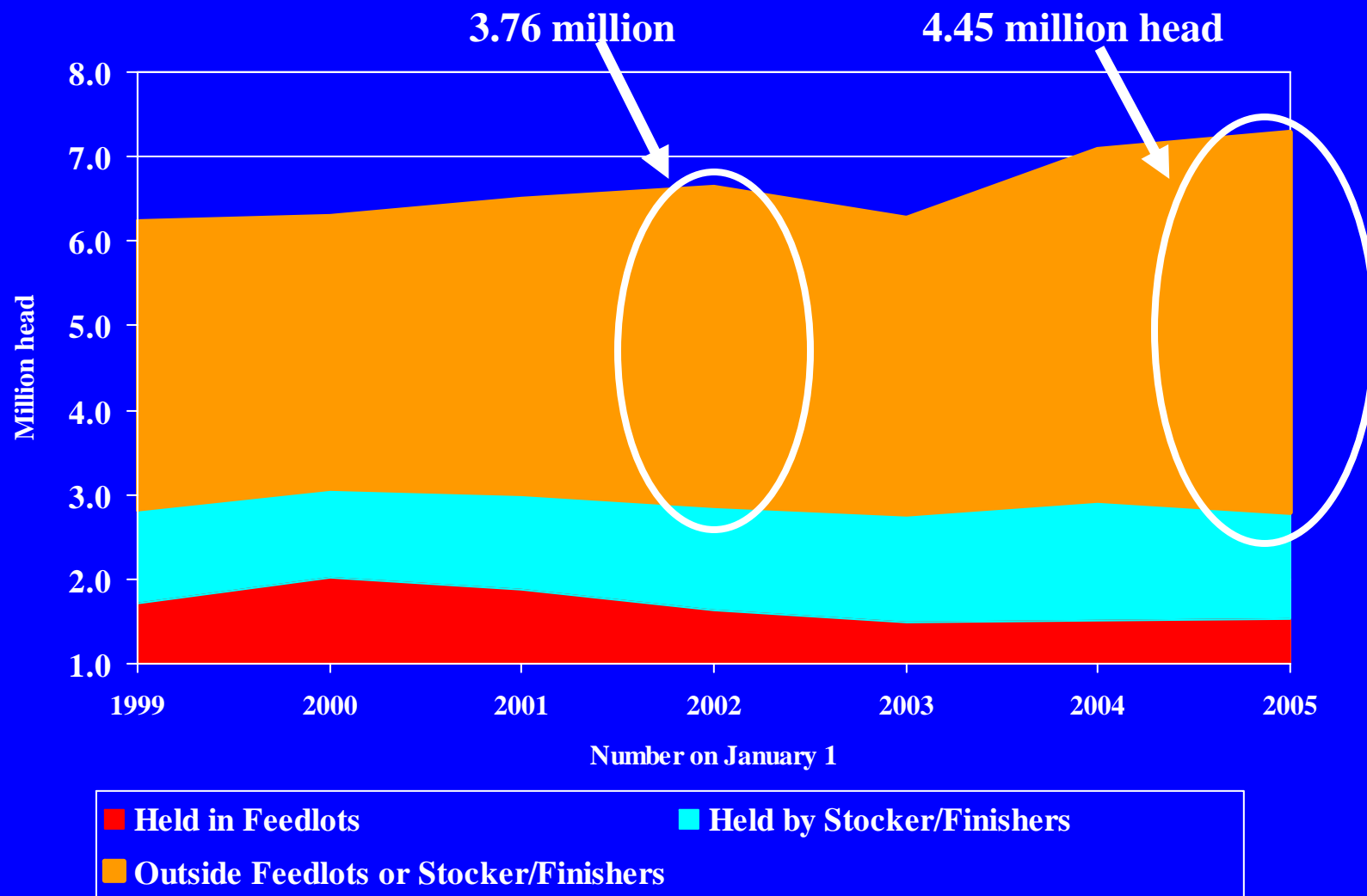


Cattle Imports From Canada Resume

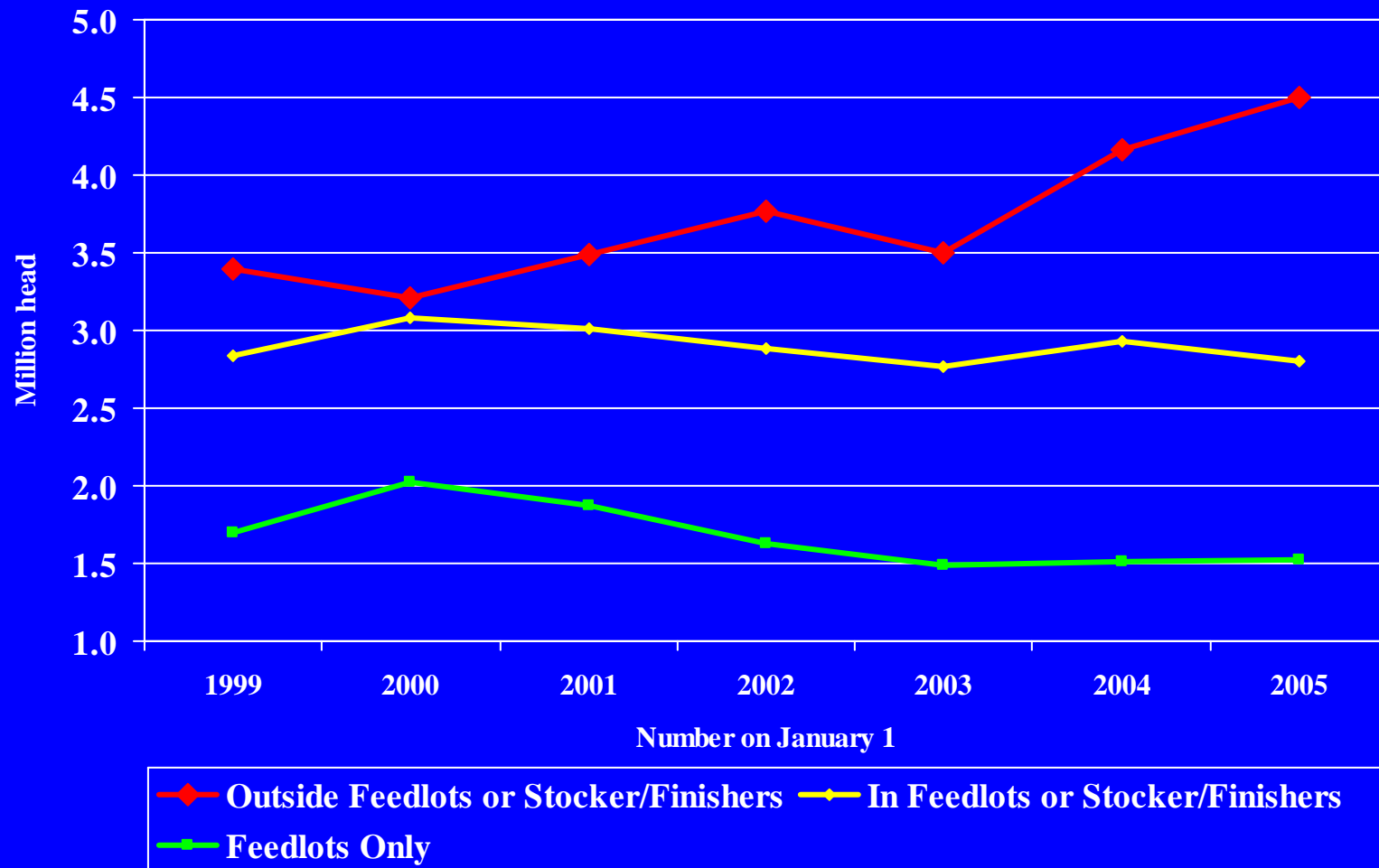


* Forecast

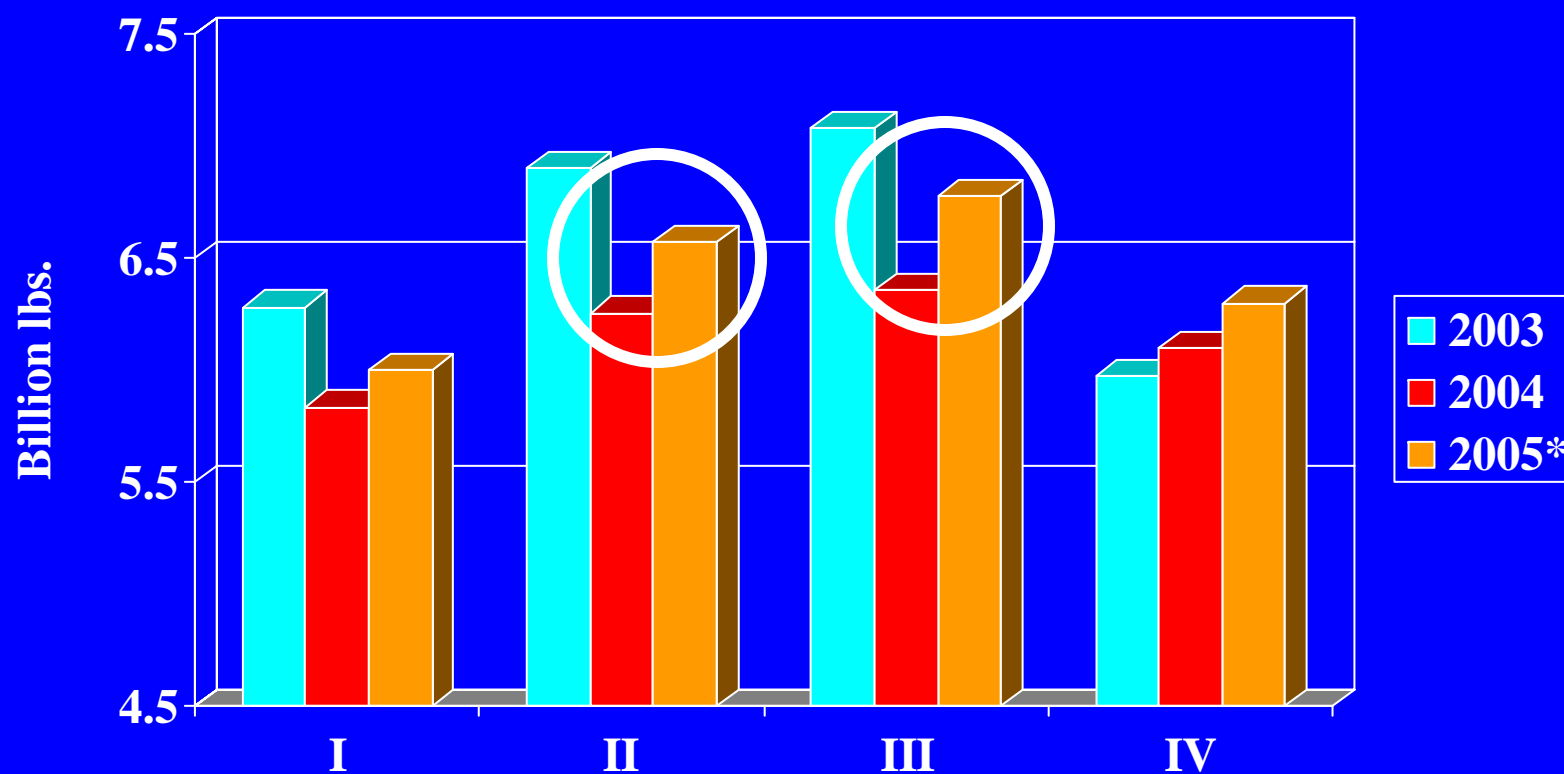
Canadian Steers, Slaughter Heifers, and Calves



Canadian Steers, Slaughter Heifers, and Calves



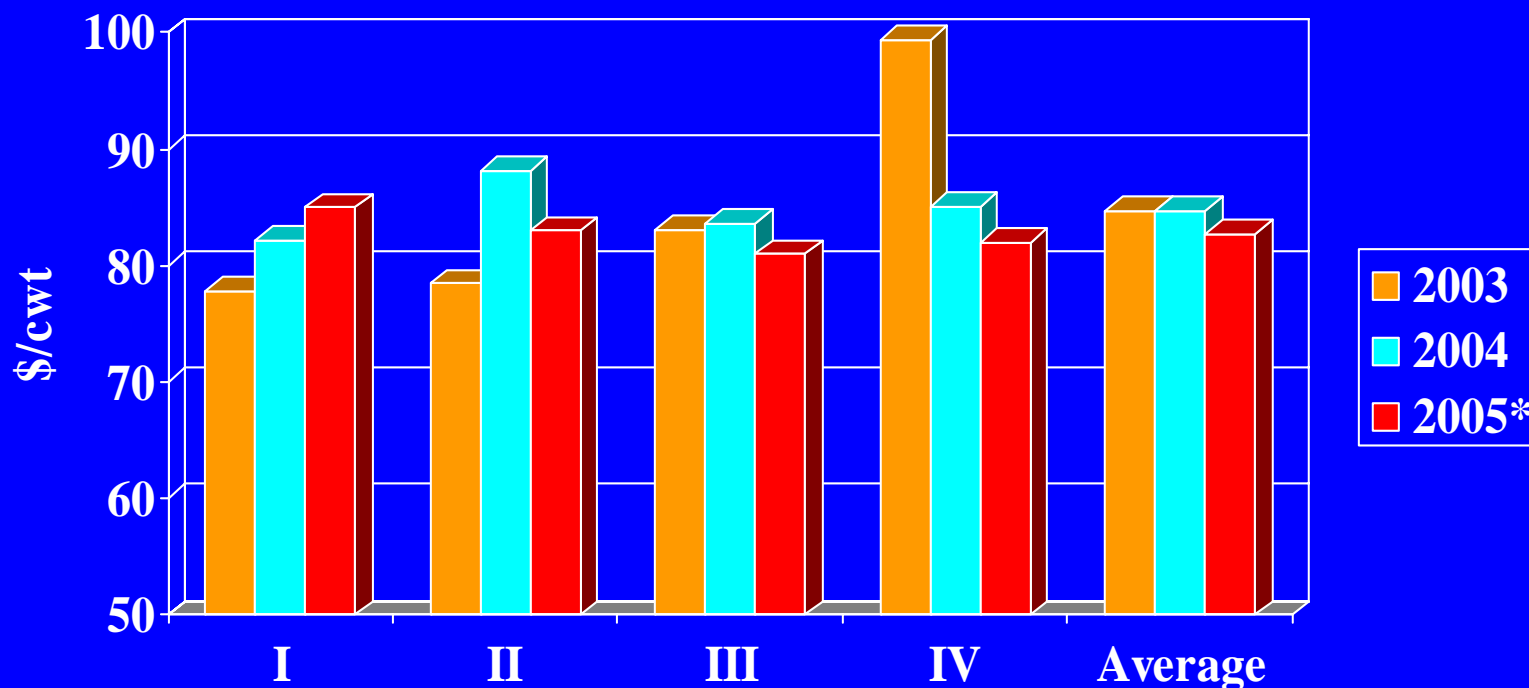
Beef Production Gains Largest in Middle Quarters



*Forecast

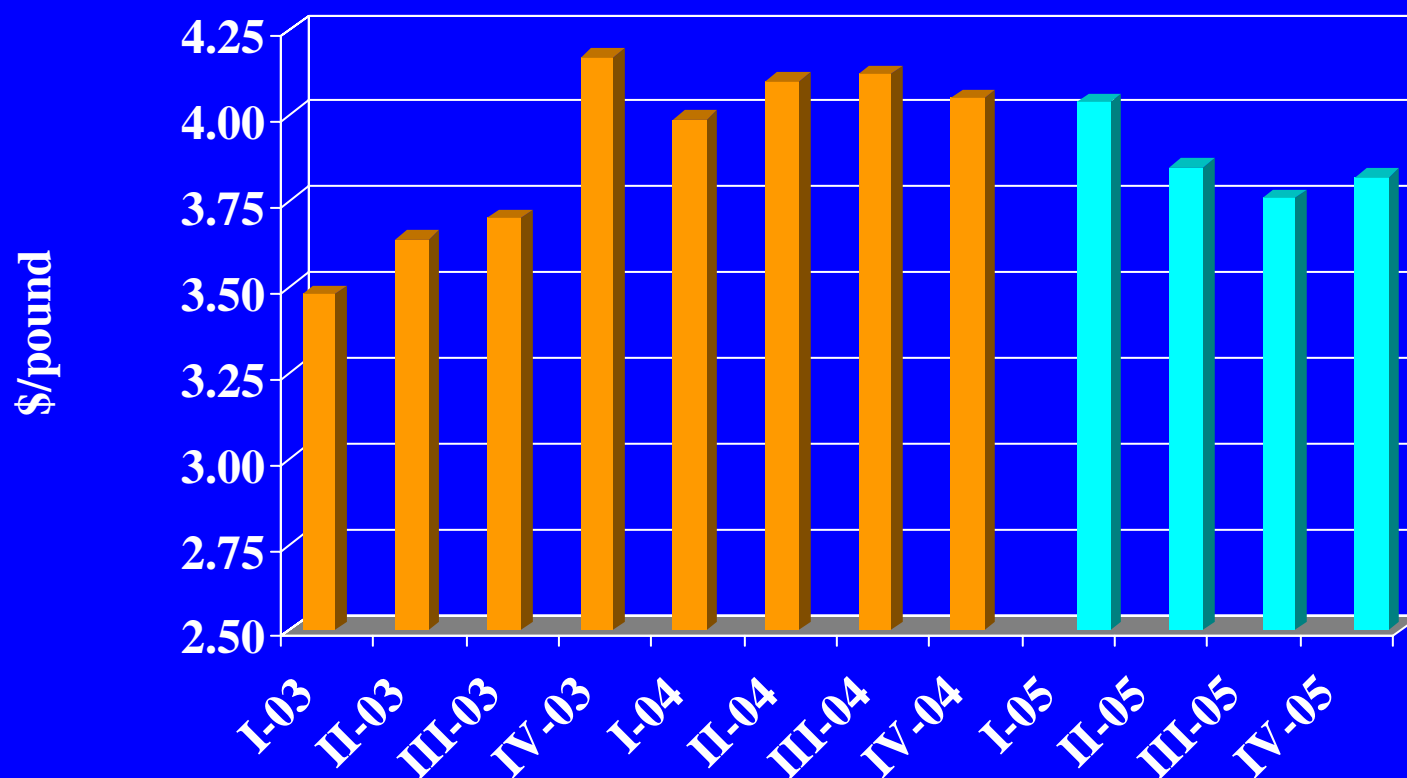
Cattle Prices Record High in 2004 but Will Decline as Production Increases

Nebraska Choice Steers

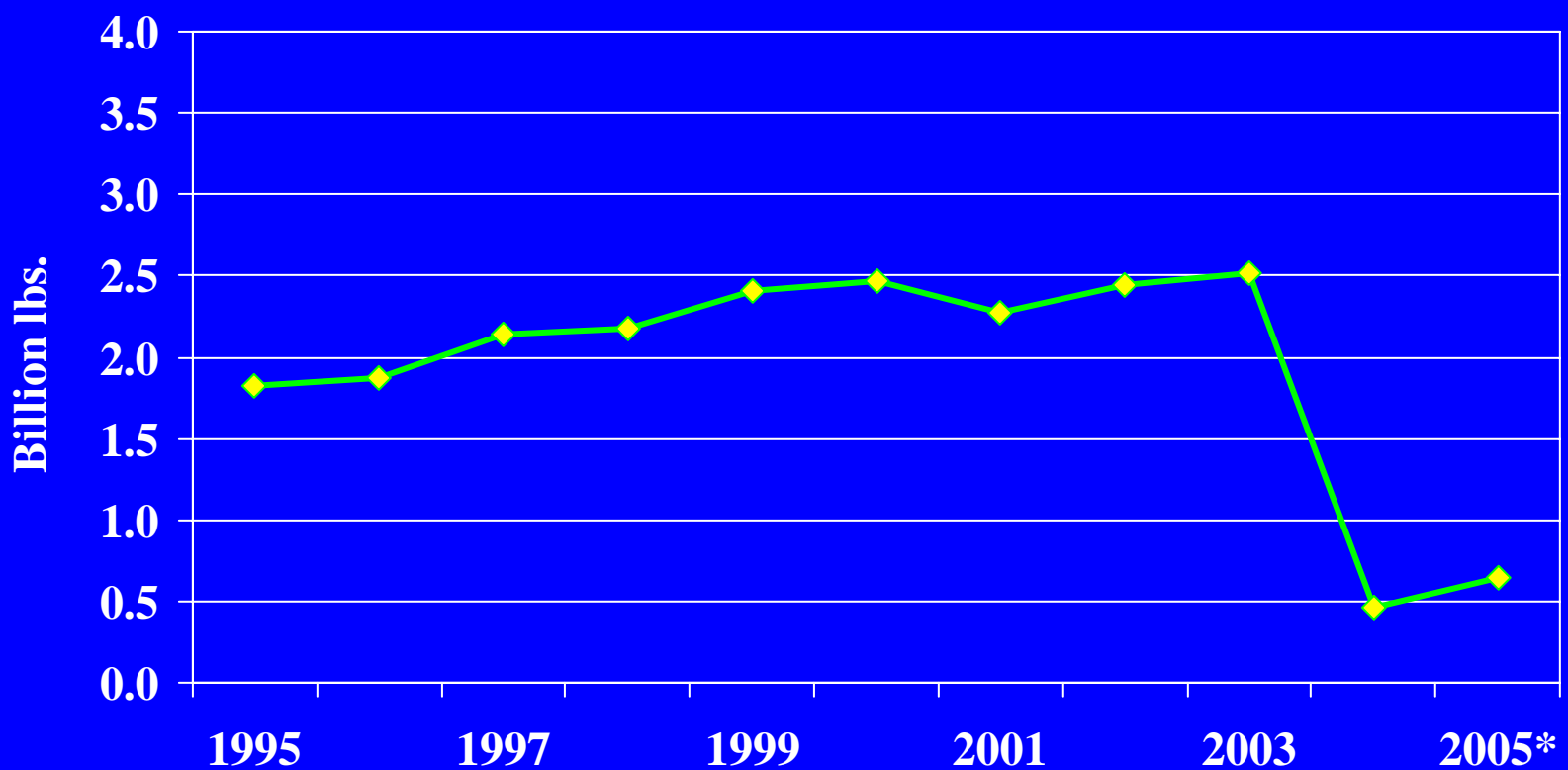


* Forecast

Retail Beef Prices High Through 2004, Expected Lower in 2004

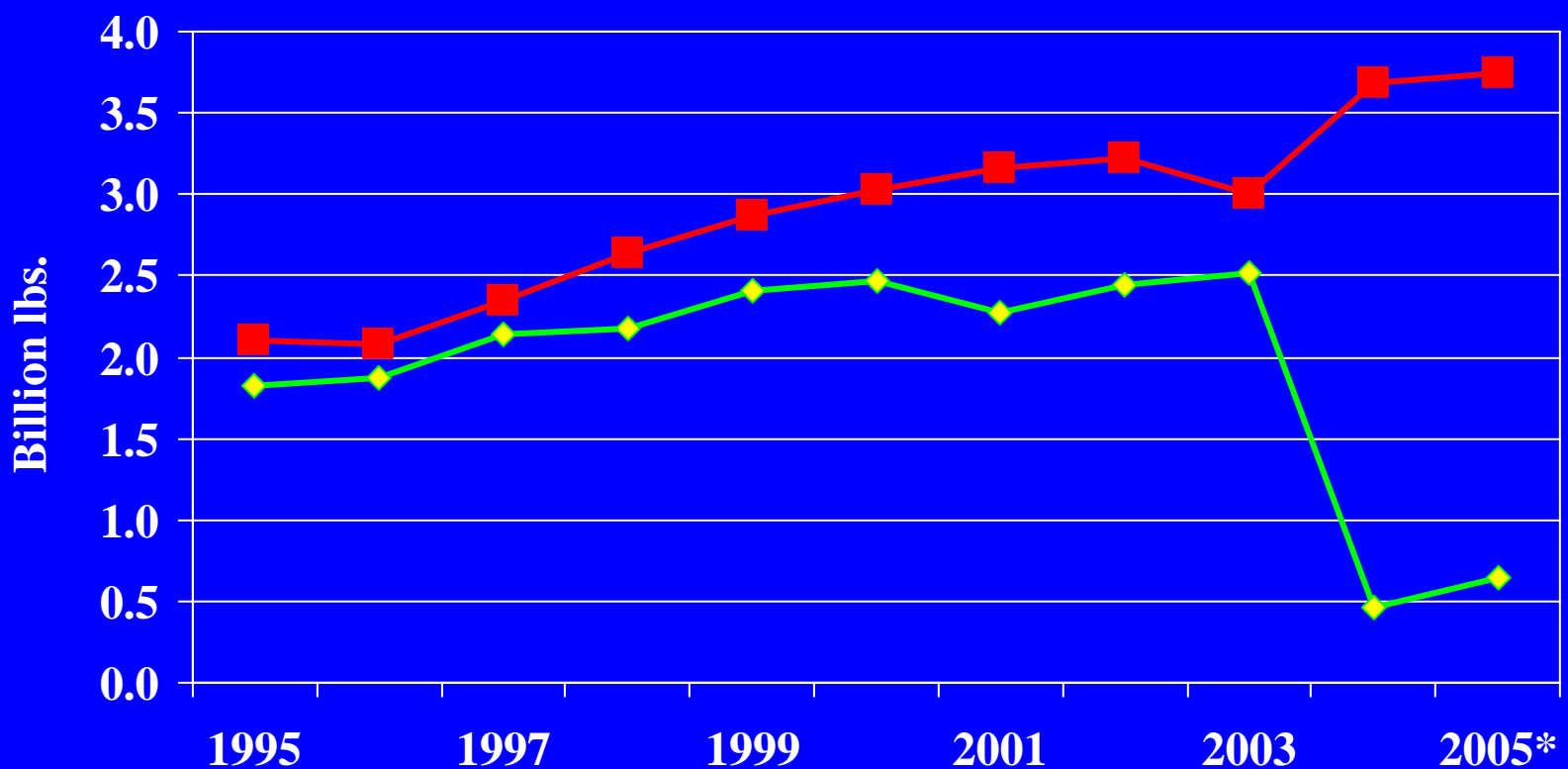


Beef Export Markets Still Restricted



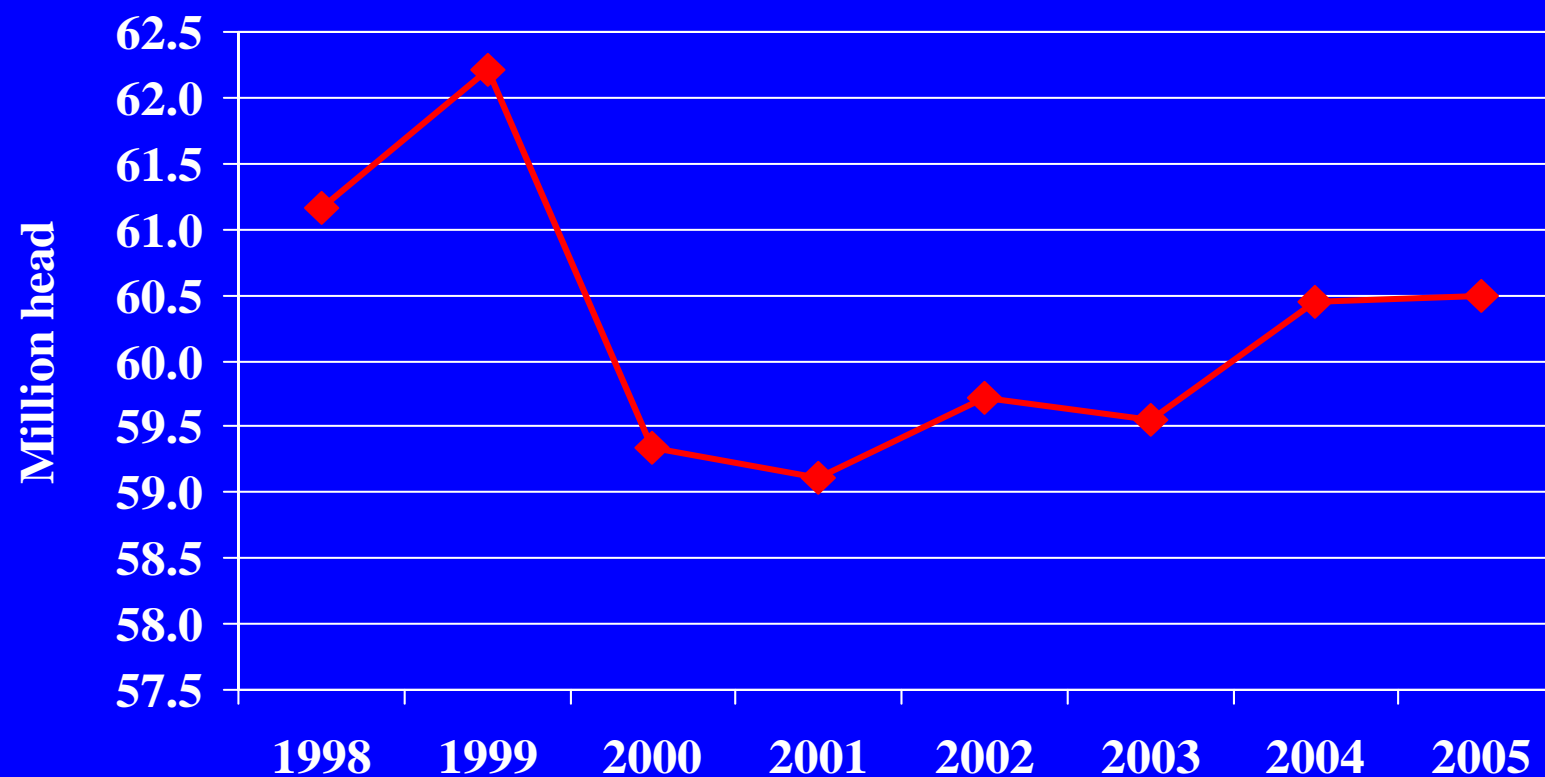
* Forecast

Beef Export Markets Still Restricted But Imports Record Large

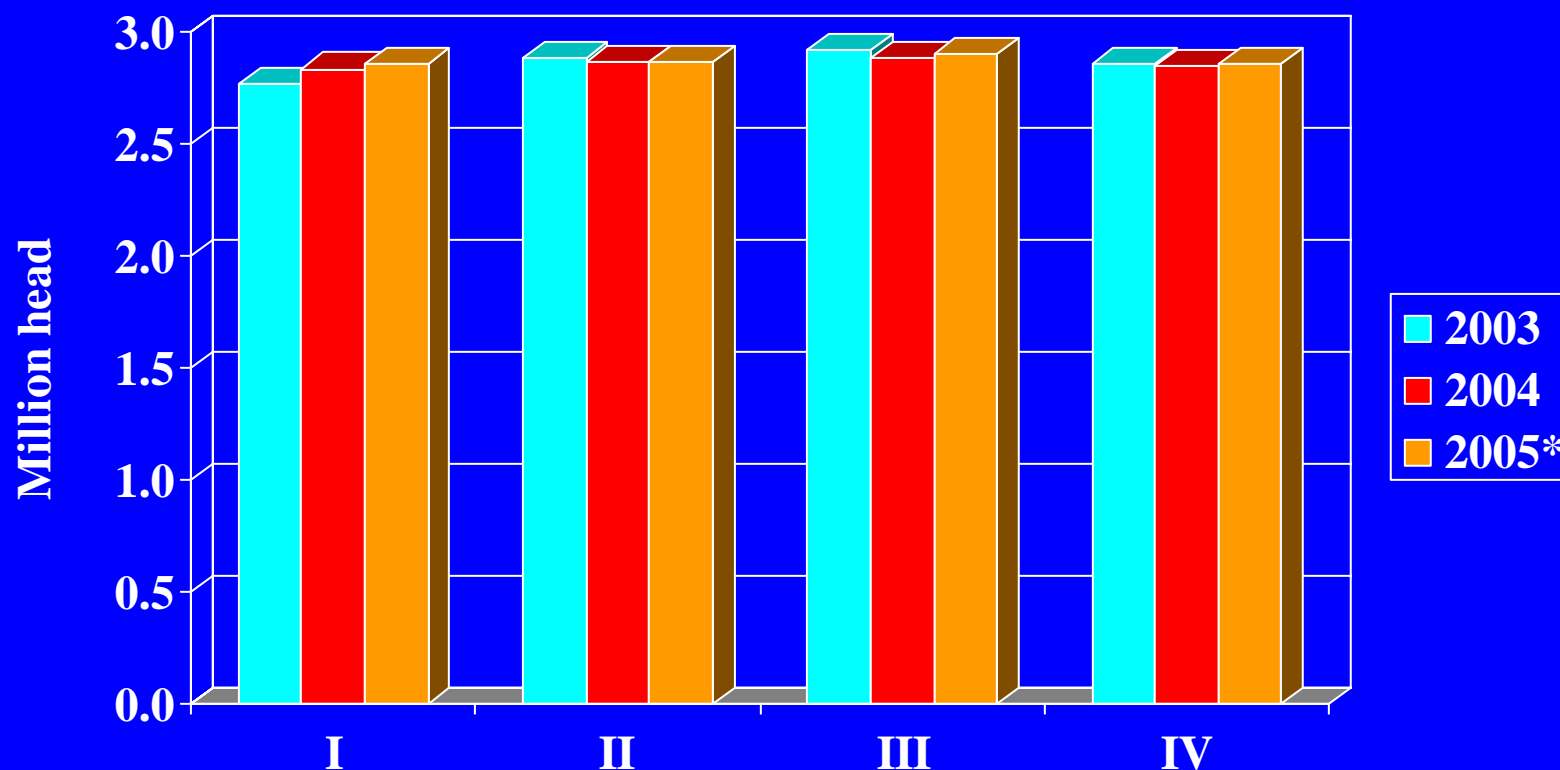


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Hog Inventory for Beginning of 2005 at 60.5 Million Head

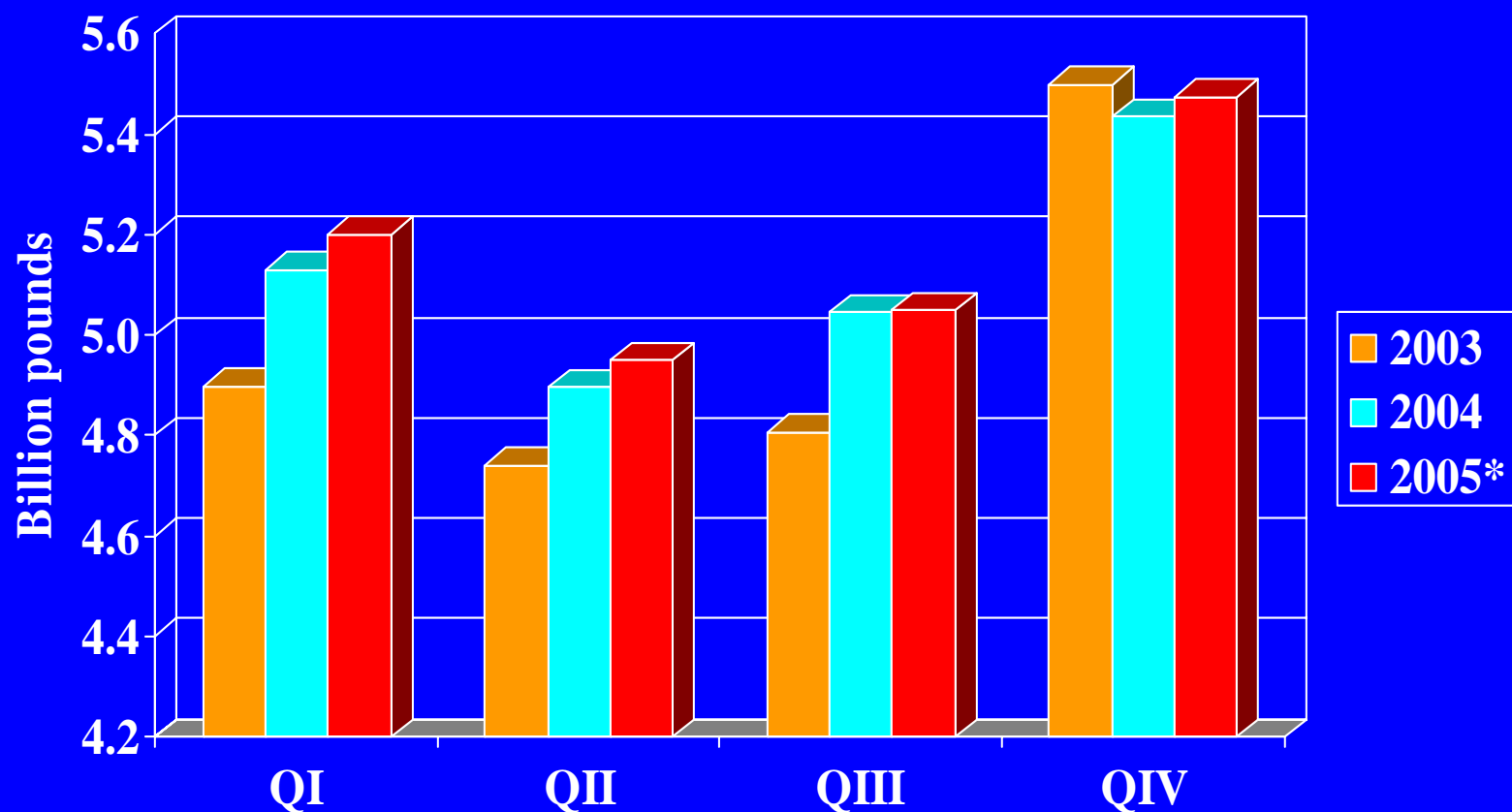


Producers Expanding Cautiously; Farrowings Modestly Higher



* First Half Reported Intentions,
Second Half Forecast

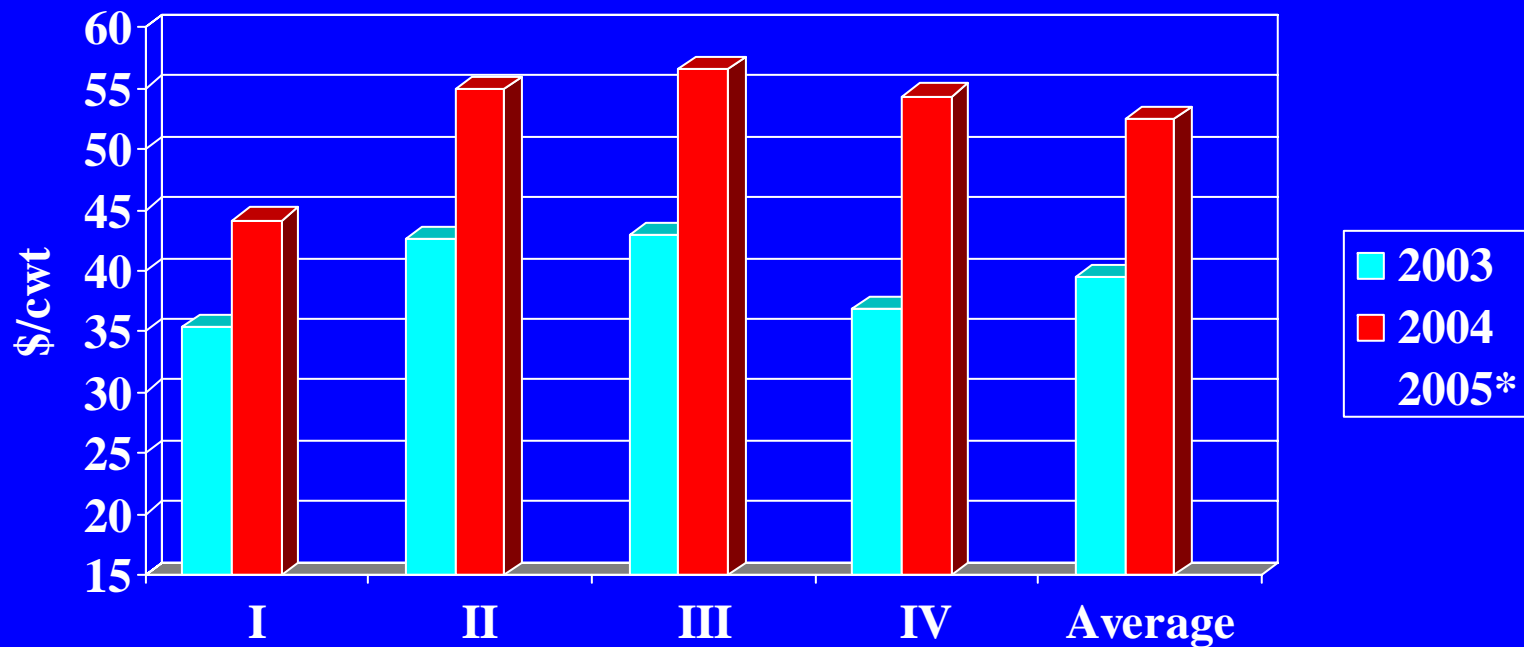
Pork Production Reflects Moderate Pig Crops and Fewer Imports



* Forecast

Hog Prices in 2004 Highest Since 1997

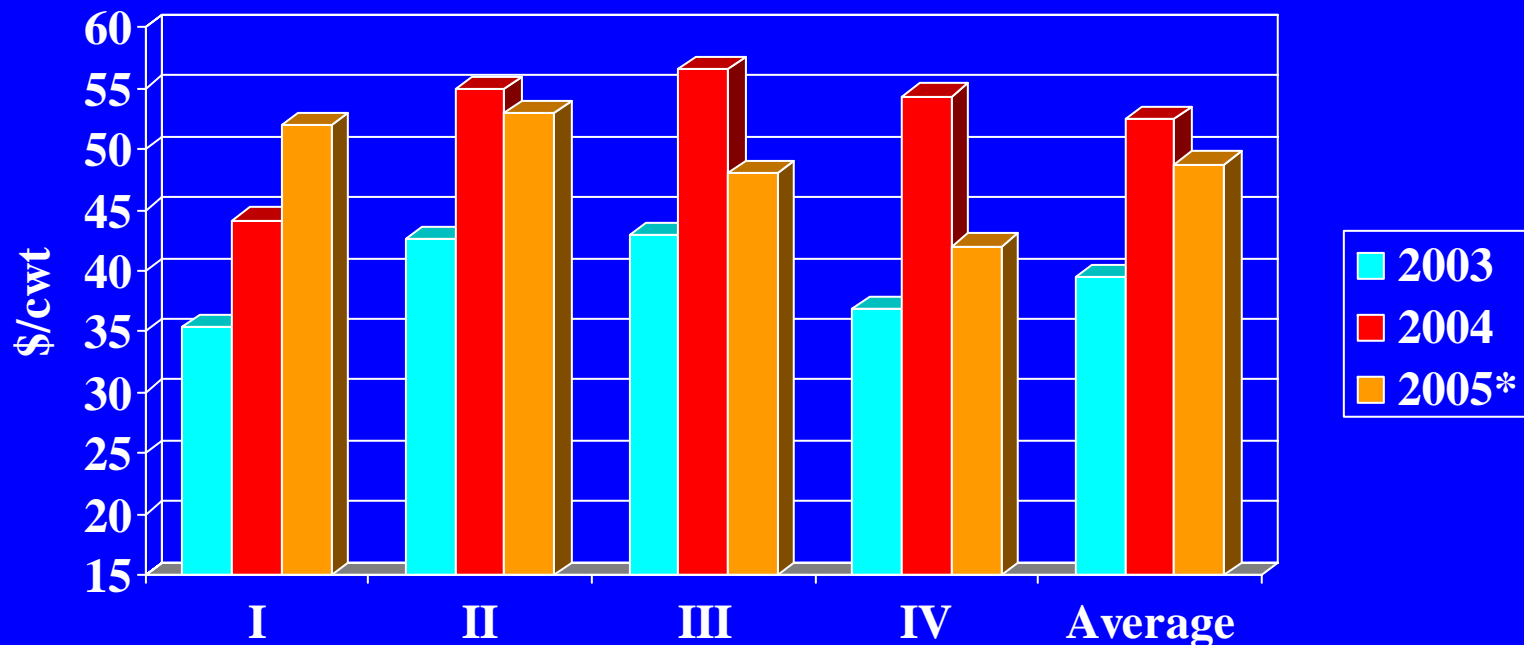
National Base, Live Equivalent



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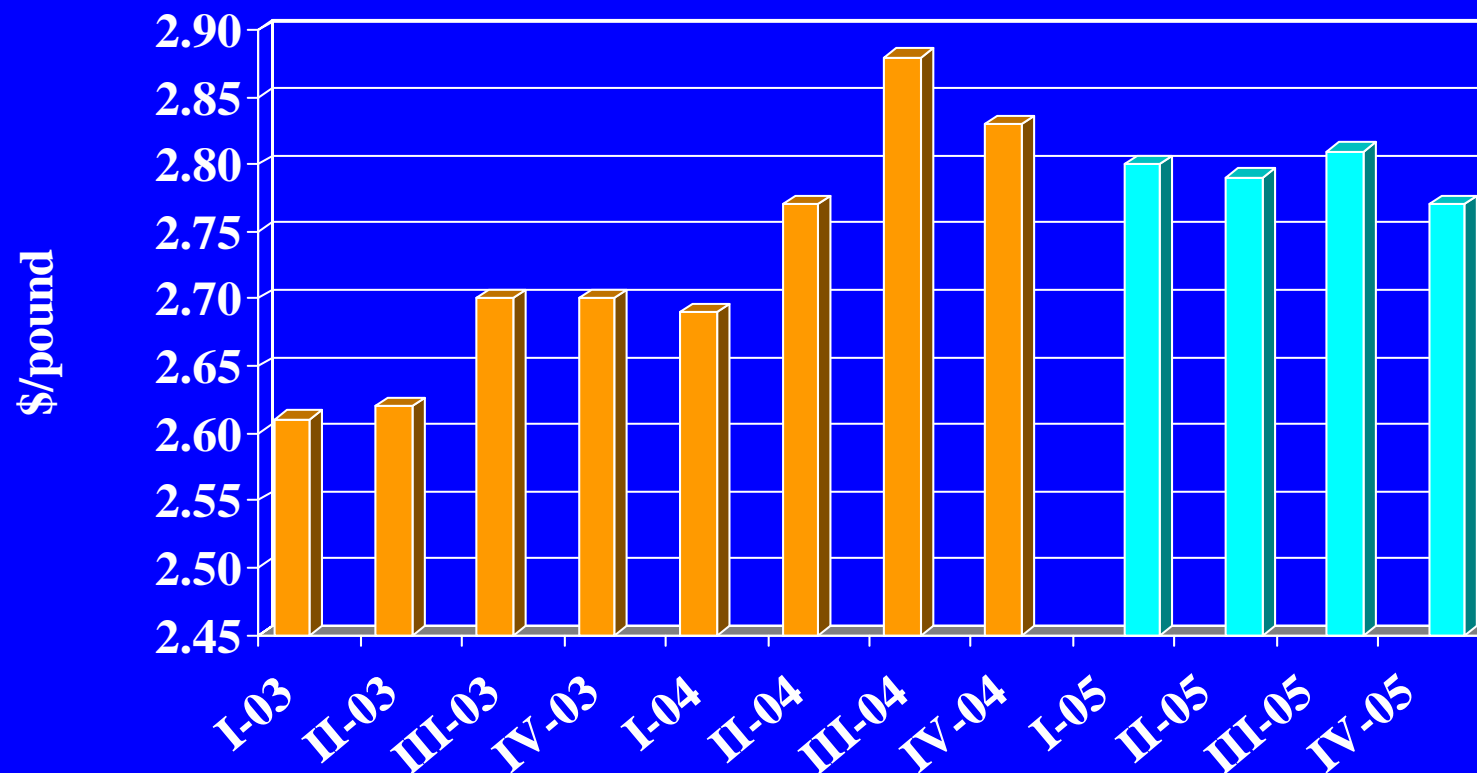
Hog Prices in 2004 Highest Since 1997, But Will Decline in 2005

National Base, Live Equivalent

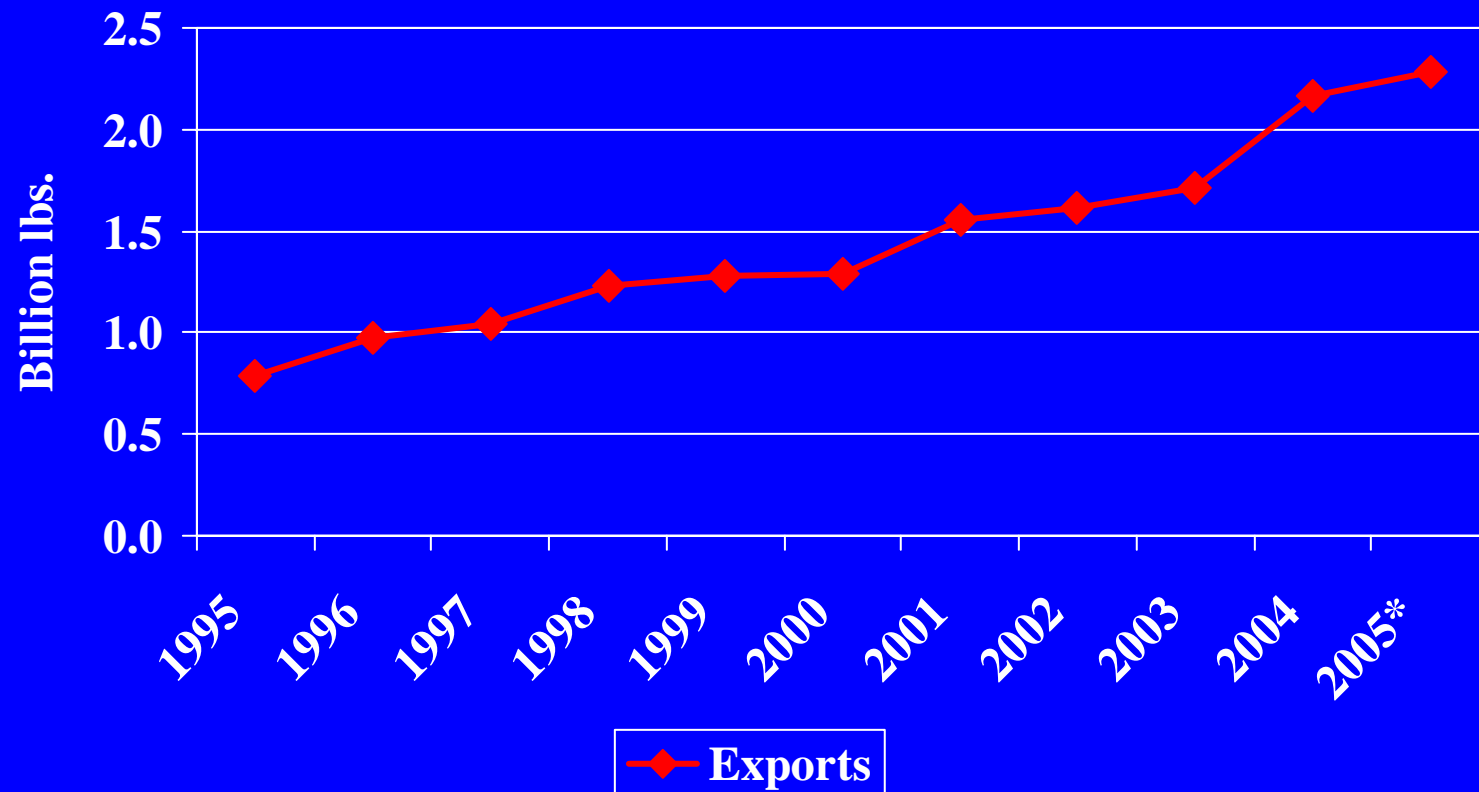


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Retail Pork Prices Average About the Same As Last Year

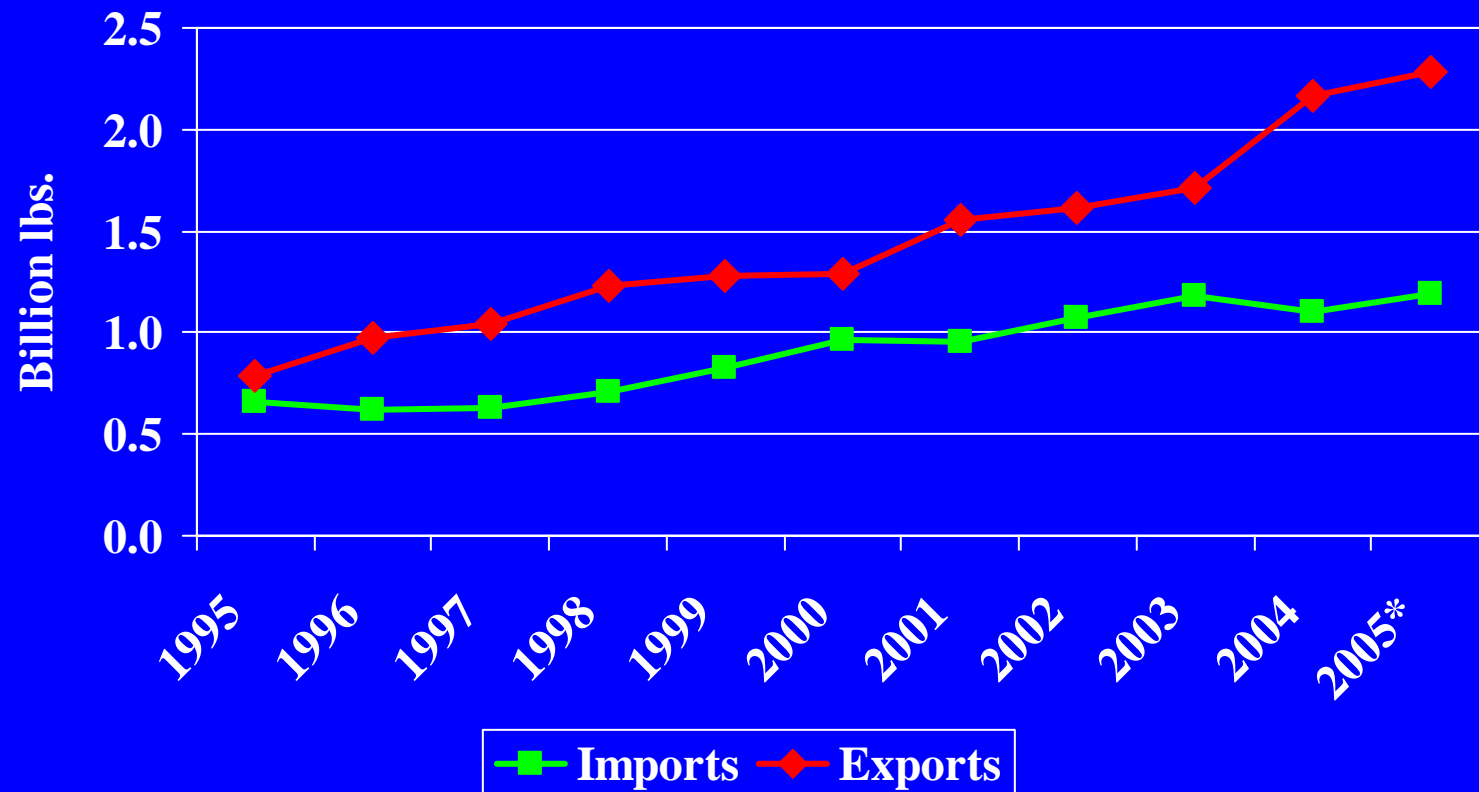


Demand for Pork Exports Stays Firm, Expected At a Record 2.29 Billion Pounds



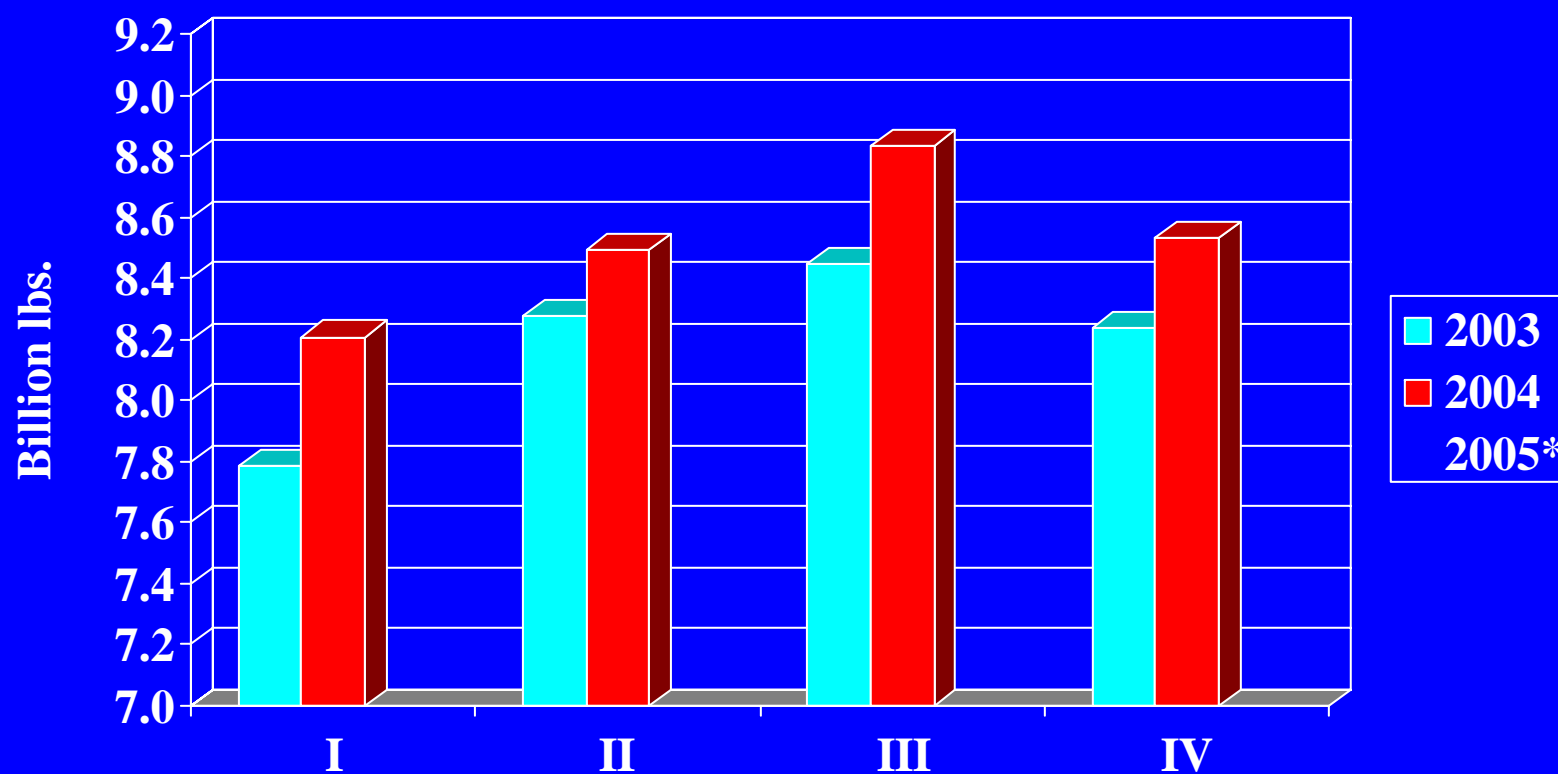
* Forecast

Demand for Pork Exports Stays Firm, Imports Increase Slightly



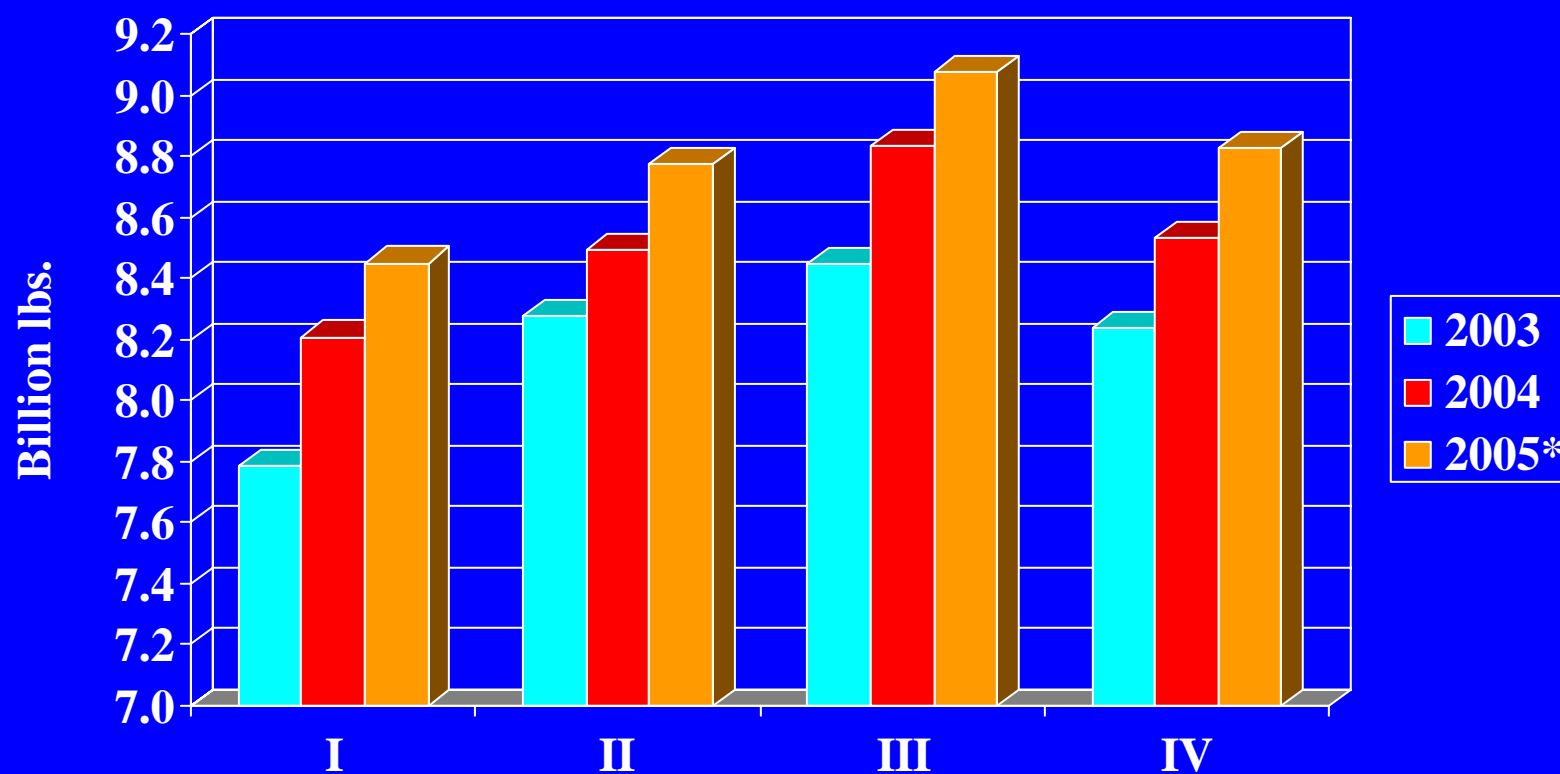
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2004 Broiler Production 4 Percent Higher



* Forecast

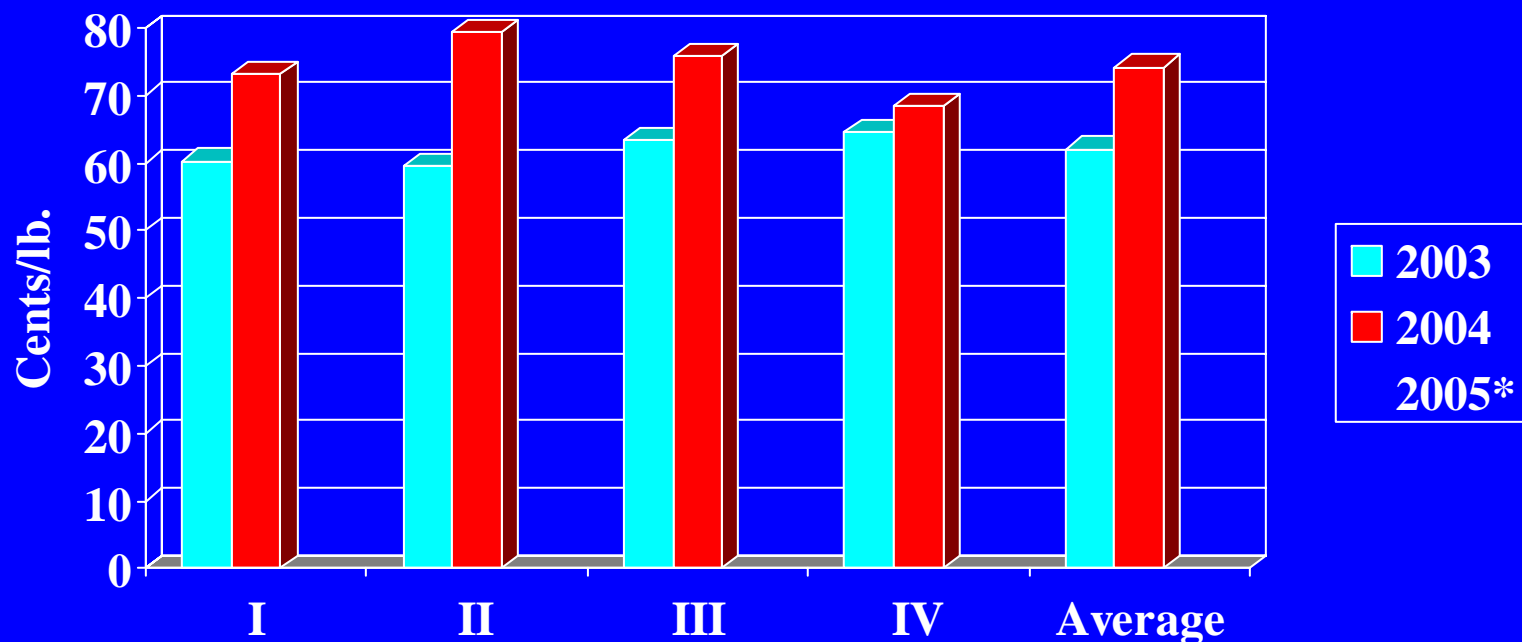
2004 Broiler Production 4 Percent Higher, 2005 Growth Slower



* Forecast

2004 Broiler Prices Record High

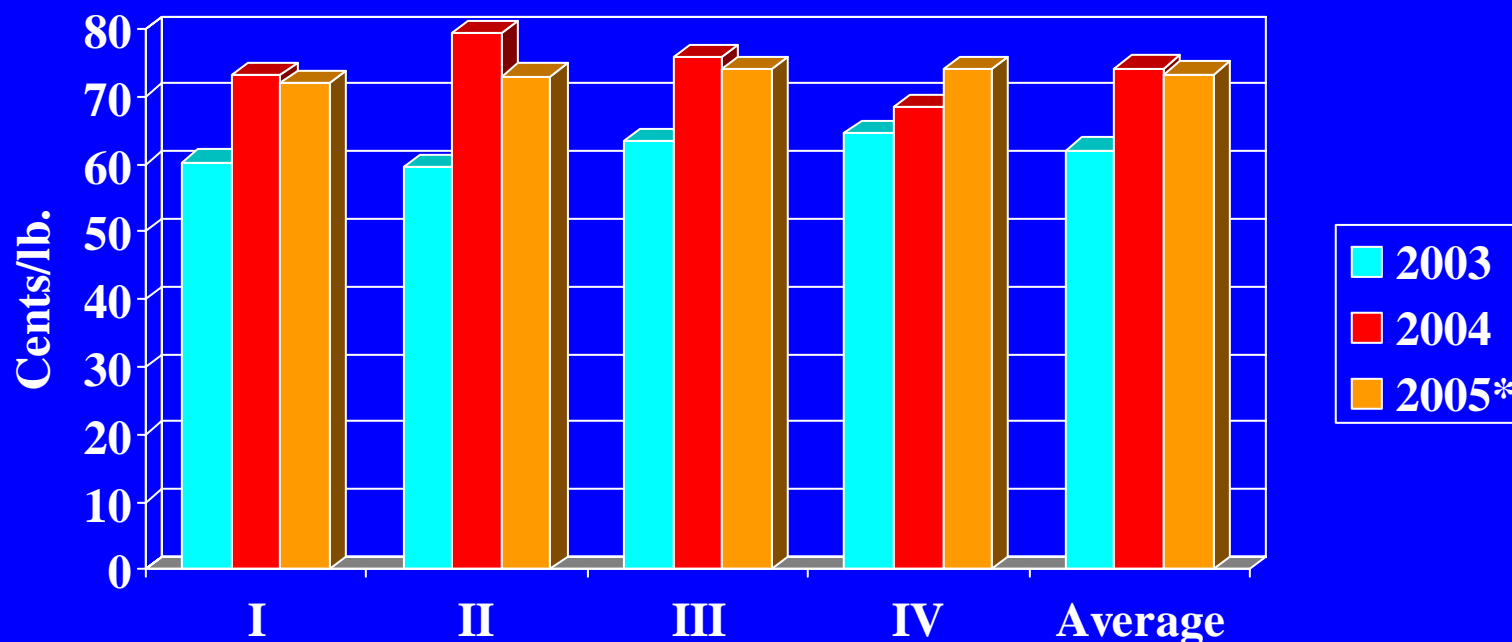
12-City Wholesale



* Forecast

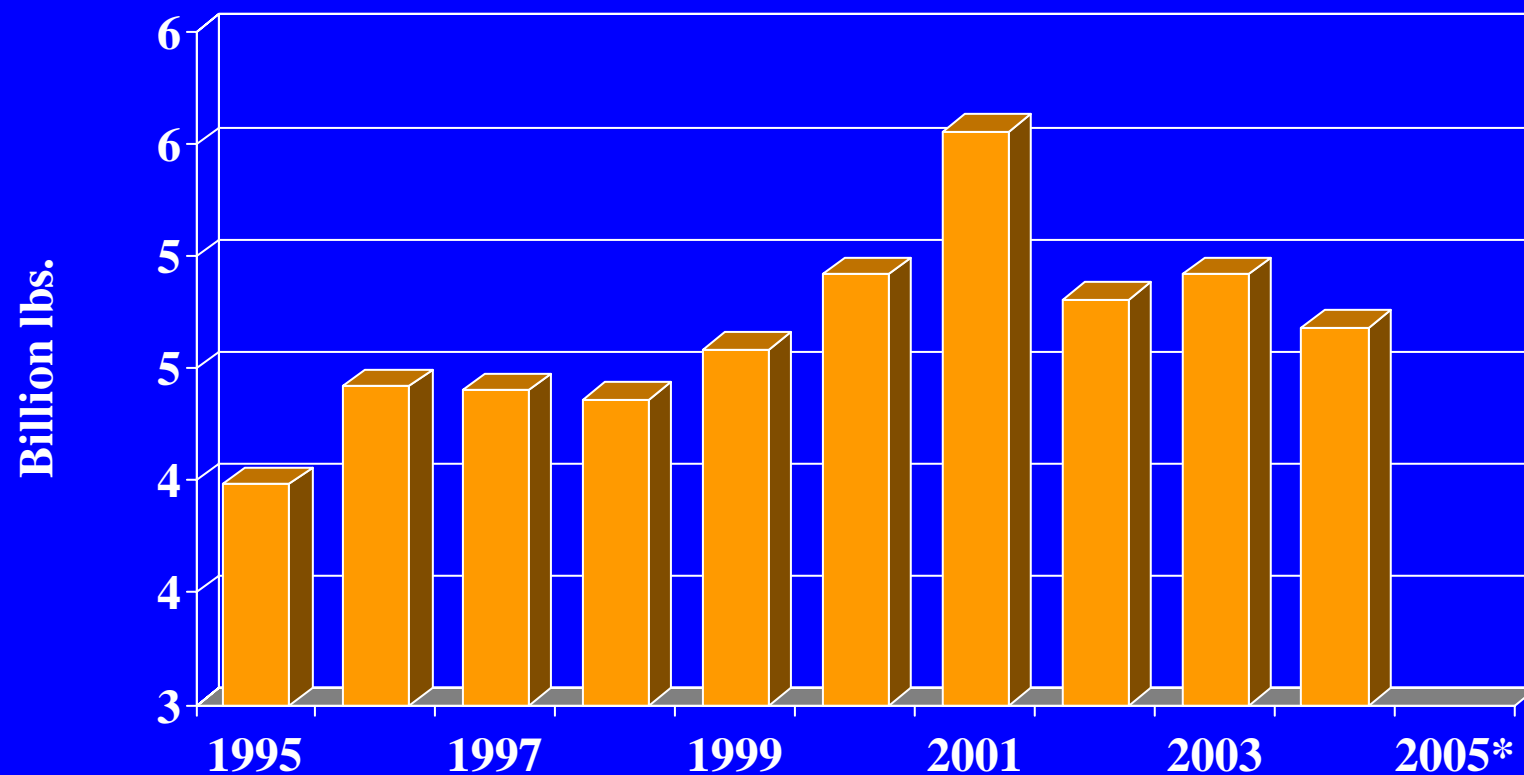
2004 Broiler Prices Record High But Will Weaken Slightly in 2005

12-City Wholesale



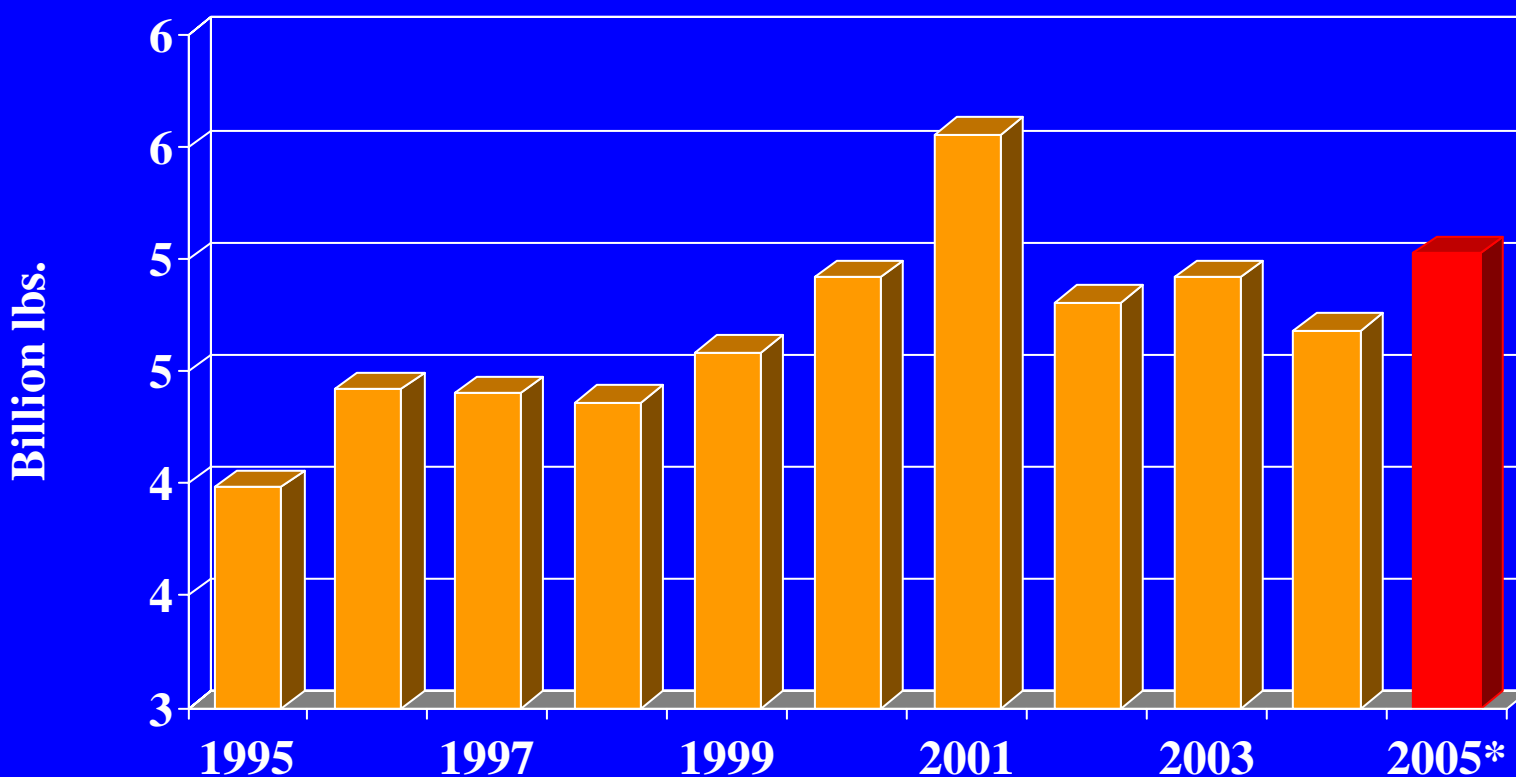
* Forecast

2004 Broiler Exports Limited by Disease Restrictions, High Prices



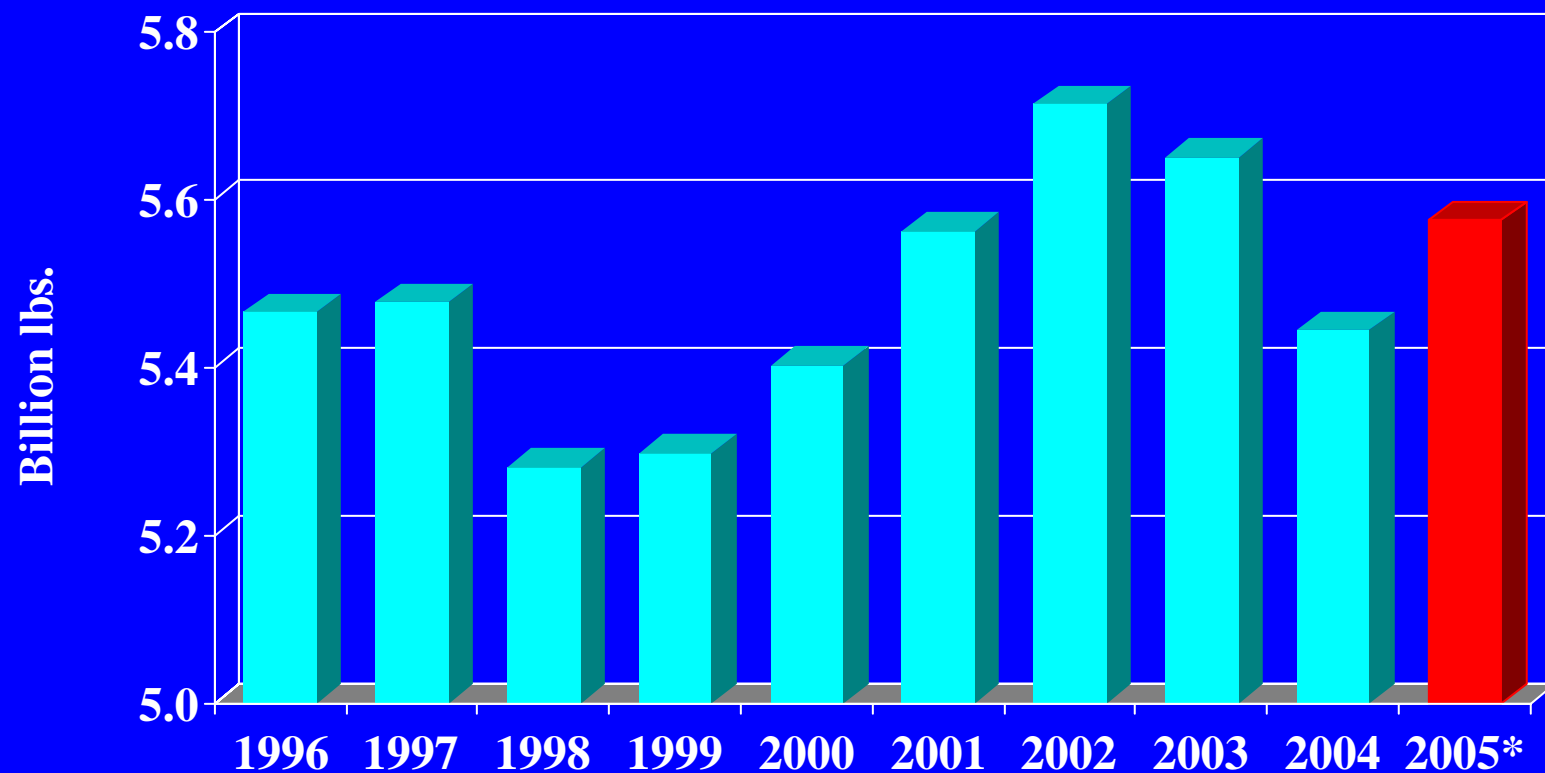
* Forecast

2005 Broiler Exports Should Increase to 5 Billion Pounds



* Forecast

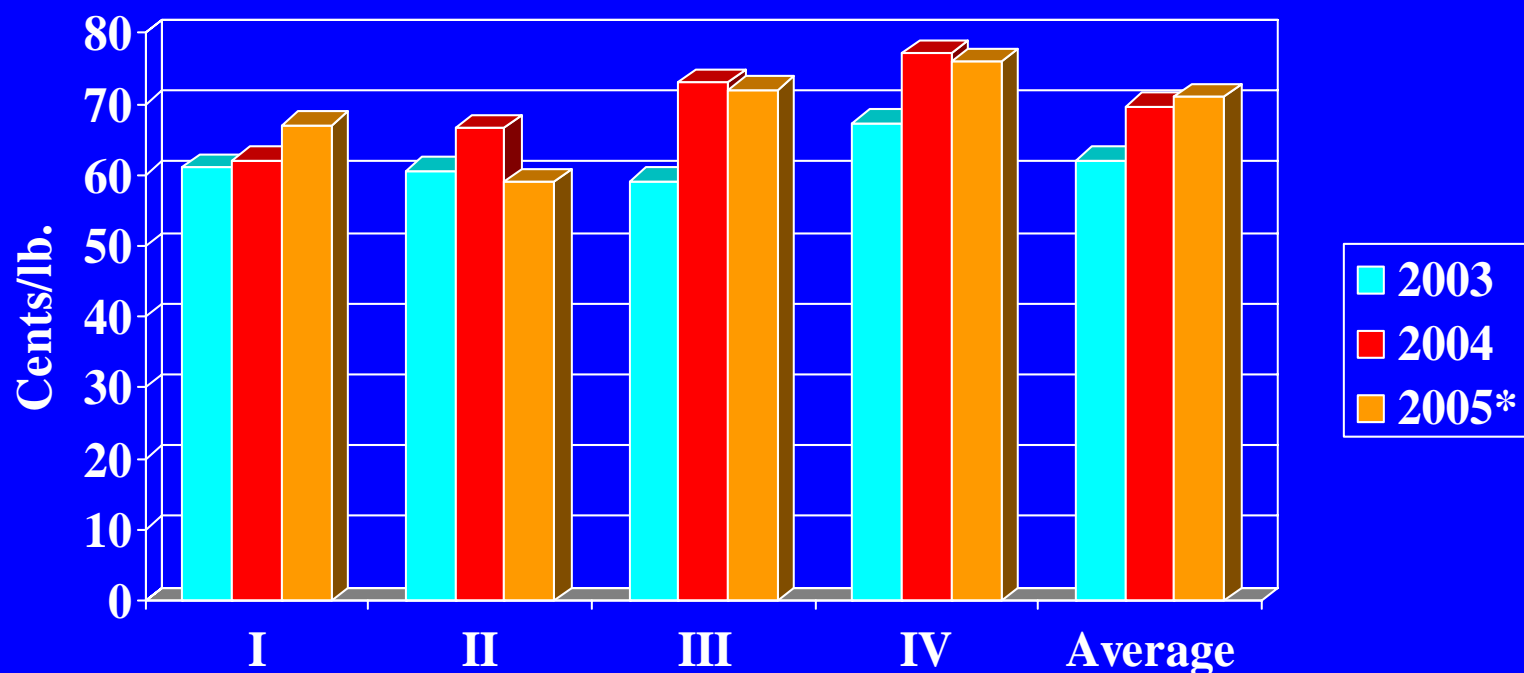
Turkey Production Forecast at 5.6 Billion Pounds in 2005



* Forecast

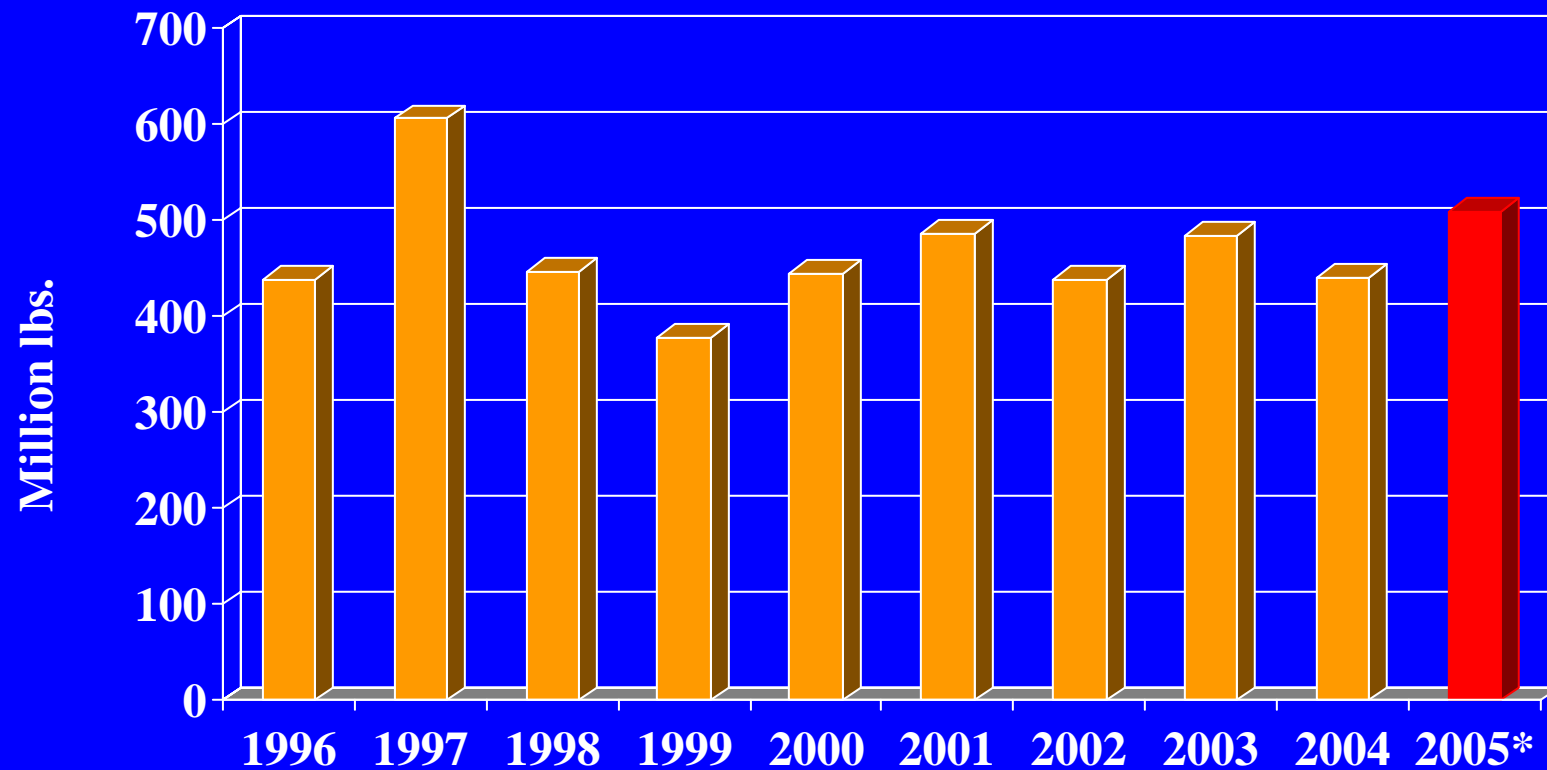
Turkey Prices in 2005 Forecast at 69-73 Cents Per Pound

Eastern Hens, 8-16 lbs.



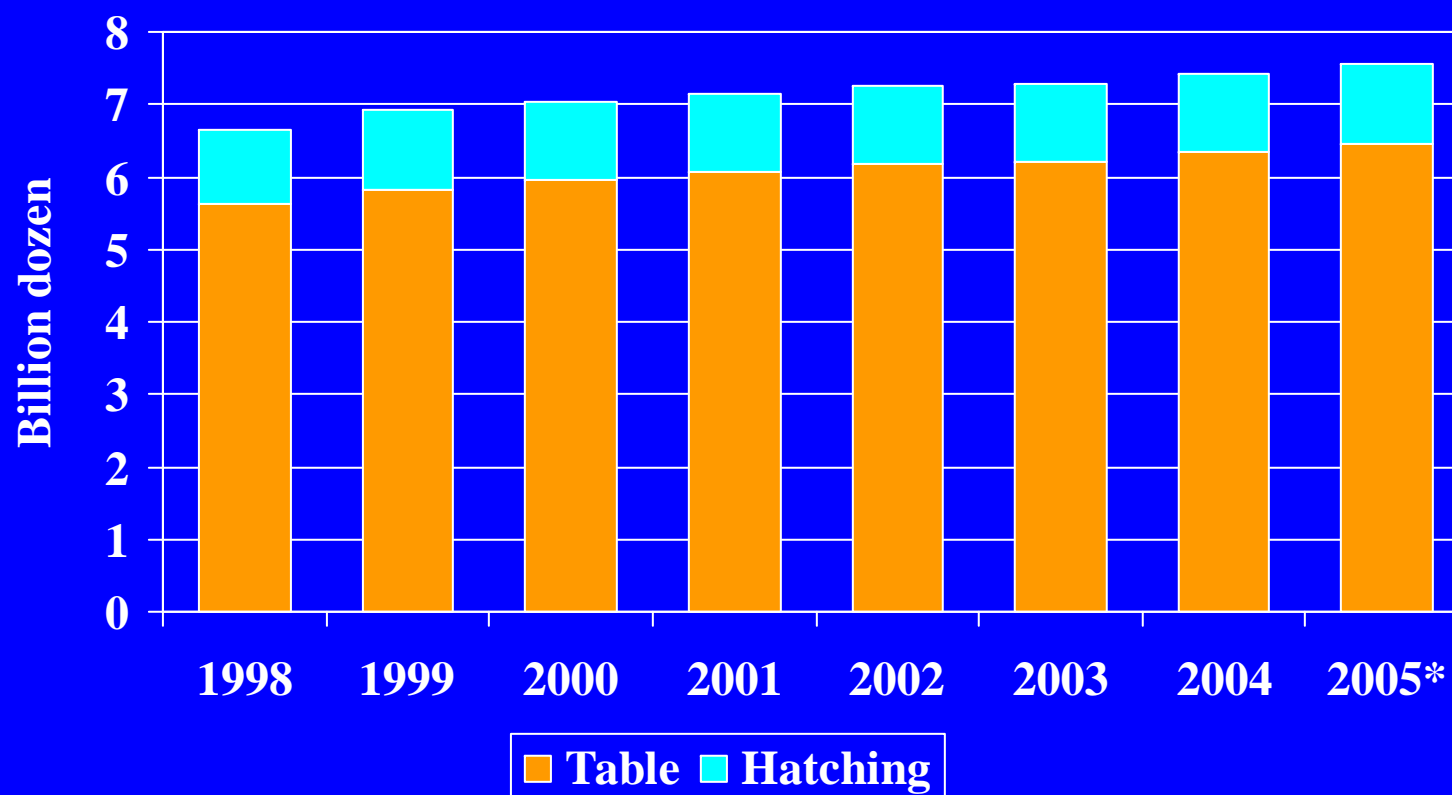
* Forecast

Turkey Exports in 2005 Increase to 510 Million Pounds



* Forecast

2005 Egg Production Slightly Higher at 7.6 Billion Dozen



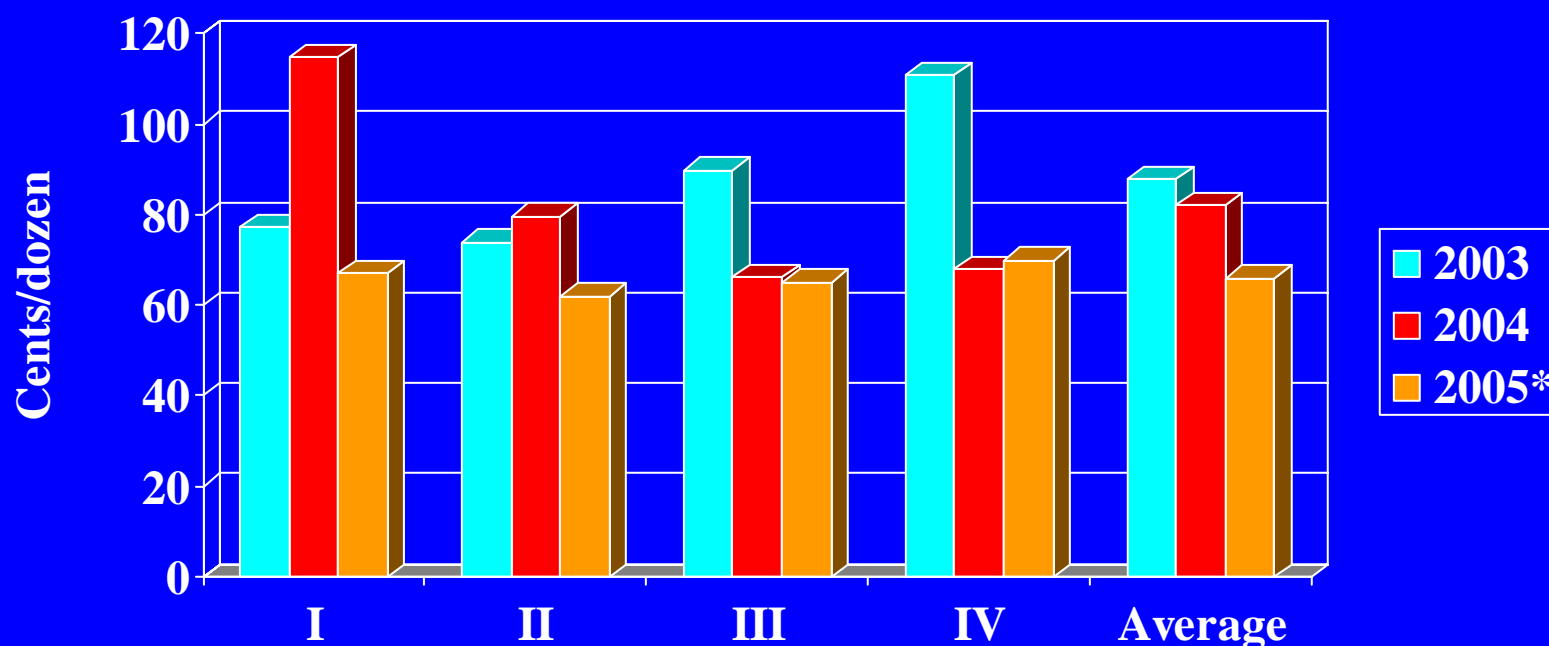
* Forecast

Egg Production Higher Prices Lower

- **2005 egg production 2 percent higher at 7.6 billion dozen**
 - **Producers responded to record prices in late 2003 early 2004**
 - **Egg-type laying flock higher since mid-2004**
- **Egg prices forecast at 64-68 cents per dozen as production increases**
 - **Prices settled back from records in 2004 QII**

Egg Prices Forecast at 64-68 Cents Per Dozen as Production Increases

Wholesale, Grade A, Large, NY



* Forecast

Additional Information on the Outlook for 2005 is Available on the Following Websites:

- World Agricultural Supply and Demand Estimates
– www.usda.gov/agency/oce/waob/waob.htm
- Livestock, Dairy, and Poultry Situation and Outlook
– www.ers.usda.gov/publications/ldp/
- Livestock and Poultry: World Markets and Trade
– www.fas.usda.gov/dlp/dlp.html